

## BASE PROSPECTUS



**ACEA S.p.A.**

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

**€5,000,000,000**

### **Euro Medium Term Note Programme**

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This Base Prospectus has been approved by the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), which is the Luxembourg competent authority for the purpose of Regulation (EU) No. 2017/1129 of 14 June 2017, as amended, (the "**Prospectus Regulation**") and relevant implementing measures in Luxembourg (*loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières* dated 16 July 2019, which implements the Prospectus Regulation (the "**Luxembourg Prospectus Law**")). This Base Prospectus constitutes a base prospectus for the purposes of Article 8(1) of the Prospectus Regulation and has been prepared for the purpose of giving information with regard to the issue of notes ("**Notes**") issued under the Euro Medium Term Note Programme (the "**Programme**") described in this Base Prospectus during the period of twelve months after the date hereof and will be published in electronic form on the website of the Luxembourg Stock Exchange (<https://www.luxse.com/>). This Base Prospectus is valid for a period of twelve months from the date of approval. The CSSF only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of either the Issuer or the quality of the Notes that are the subject of this Base Prospectus and investors should make their own assessment as to the suitability of investing in the Notes. Such approval only relates to Notes which are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange or other regulated markets for the purposes of Directive 2014/65/EU, as amended ("**EU MiFID II**") for a period of twelve months from the date of approval, provided that it is completed by any supplement, pursuant to Article 23 of the Prospectus Regulation. For the avoidance of doubt, the Issuer shall have no obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies after the end of its 12-month validity period. The end of the validity of the Base Prospectus is 19 July 2025. Applications have been made for such Notes to be admitted during the period of twelve months after the date hereof to listing on the Official List and to trading on the regulated market of the Luxembourg Stock Exchange. The Programme also permits Notes to be issued on the basis that they will not be admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system or to be admitted to listing, trading and/or quotation by such other or further competent authorities, stock exchanges and/or quotation systems as may be agreed with the Issuer. The CSSF assumes no responsibility with regard to the economic and financial soundness of any transaction under this Programme or the quality and solvency of the Issuer in accordance with the provisions of Article 6(4) of the Luxembourg Prospectus Law.

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

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

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

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

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

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

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

#### **Joint Arrangers**

**IMI – Intesa Sanpaolo**

**BNP PARIBAS**

**UniCredit**

#### **Dealers**

**Banca Akros S.p.A. - Gruppo Banco BPM**

**Barclays**

**BBVA**

**BNP PARIBAS**

<b>BofA Securities</b>	<b>Citigroup</b>
<b>Crédit Agricole CIB</b>	<b>Deutsche Bank</b>
<b>Goldman Sachs International</b>	<b>IMI – Intesa Sanpaolo</b>
<b>ING</b>	<b>J.P. Morgan</b>
<b>Mediobanca</b>	<b>Banca Monte dei Paschi di Siena</b>
<b>Morgan Stanley</b>	<b>Natixis</b>
<b>Santander Corporate &amp; Investment Banking</b>	<b>Société Générale Corporate &amp; Investment Banking</b>
<b>UniCredit</b>	

The date of this Base Prospectus is 19 July 2024

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## IMPORTANT NOTICES

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

### ***Responsibility for this Base Prospectus***

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

### ***Final Terms/Drawdown Prospectus***

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

### ***Other relevant information***

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

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

### ***Unauthorised information***

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

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

listing, offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Issuer since the date thereof or, if later, the date upon which this Base Prospectus has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

### ***Restrictions on distribution***

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

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

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

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

### ***Notes issued as Green Bonds***

There can be no assurance that Notes issued as "Green Bonds" and the related use of proceeds will be suitable for the investment criteria of an investor seeking securities to be used for a particular purpose. If so specified in the relevant Final Terms, the Issuer may issue Notes described as "Green Bonds" for the purposes of financing and/or refinancing, in whole or in

part, Eligible Green Projects (such term as defined in the "Use of Proceeds" section). In such circumstances, prospective investors should have regard to the information set out, or referred to, under the paragraph "Use of Proceeds, Estimated Net Proceeds– Use of Proceeds" of the relevant Final Terms and must determine for themselves the relevance of such information, together with any other investigation such investors deem necessary, for the purpose of any investment in such Notes and its suitability also in light of their own circumstances and applicable criteria. In particular, no assurance can be given by the Dealers or any of their respective affiliates (including parent companies) that the use of such net proceeds for any Eligible Green Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether under any present or future applicable law or regulations or under its own bylaws or other governing rules or investment portfolio mandates (including in relation to Regulation (EU) 2020/852 on the establishment of a framework to facilitate sustainable investment (the "**EU Sustainable Finance Taxonomy**") and any related technical screening criteria, Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (the "**Sustainable Finance Disclosure Regulation**") and any implementing legislation and guidelines, or any similar legislation in the United Kingdom). Any Green Bonds issued under the Programme will not be aligned to the European Green Bond Regulation and are only intended to comply with the requirements and processes in the Green Financing Framework<sup>1</sup> published by Acea (the "**Green Financing Framework**").

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

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

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

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

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

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

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



of Green Bonds or the failure of the Notes issued as Green Bonds to meet investors' expectations requirements regarding any "green", "sustainable", "social" or similar labels will constitute an event of default or breach of contract with respect to any of the Notes issued as Green Bonds.

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

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

#### ***IMPORTANT – EEA Retail Investors***

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

#### ***IMPORTANT – UK Retail Investors***

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

by Regulation (EU) No. 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

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

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

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

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

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

- (a) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base Prospectus or any applicable supplement;
- (b) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

- (c) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (d) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (e) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

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

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

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

### ***Programme limit***

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

### ***Certain definitions***

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

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

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

### ***Websites***

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

### ***Ratings***

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

### ***Third Party Information***

In respect of information in this Base Prospectus that has been extracted from a third party, the Issuer confirms that such information has been accurately reproduced and that, so far as it is

aware, and is able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Although the Issuer believes that the external sources used are reliable, the Issuer has not independently verified the information provided by such sources.

### ***Presentation of Financial Information***

Unless otherwise indicated, the financial information in this Base Prospectus relating to the Issuer has been derived from the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2023 and 31 December 2022, which are incorporated by reference in this Base Prospectus (see "Information Incorporated by Reference").

### ***Alternative Performance Measures***

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

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

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

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

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

- EBITDA – for the Acea Group, EBITDA is an operating performance indicator and from 1 January 2014 also includes the condensed result of equity investments in jointly controlled entities for which the consolidation method changed when the international accounting standards IFRS 10 and IFRS 11 came into force. EBITDA is determined by

adding Operating profit/loss (EBIT) to "Amortisation, depreciation, provisions and impairment", insofar as these are the main non-cash items;

- Financial Debt – Is represented and determined in accordance with the aforementioned ESMA guidelines and in particular paragraph 127 of the recommendations of document No. 319 of 2013, implementing Regulation (EC) 809/2004. This indicator is determined as the sum of short-term borrowings ("Short-term loans", "Current part of long-term loans" and "Current financial liabilities") and long-term borrowings ("Long-term loans") and the related derivative instruments ("Non-current financial liabilities"), net of "Cash and cash equivalents" and "Current financial assets";
- Net Financial Position – Is an indicator of the Acea Group's financial structure determined in continuation with previous years and used, as from this document, exclusively for information presented in the business areas in order to provide clear segment information that can be easily reconciled with the Financial Debt (ESMA) referred to above. This indicator is defined as the sum of (i) Non-current borrowings and Financial liabilities net of Noncurrent financial assets (financial receivables and securities other than equity investments), and (ii) Current financial payables and Other current financial liabilities net of Current financial assets and cash and cash equivalents;
- Net Invested Capital is the sum of "Current assets", "Non-current assets" and "Assets and Liabilities held for sale", less "Current liabilities" and "Non-current liabilities", excluding items taken into account when calculating the Net Financial Position;
- Net Working Capital is the sum of the current receivables, inventories, the net balance of other current assets and liabilities and current debts, excluding the items considered in calculating the Net Financial Position.

It should be noted that:

- i. the APMs are based exclusively on historical Acea data and are not indicative of future performance;
- ii. the APMs are not prepared in accordance with IFRS and are not subject to audit; they are derived from the historical financial information of Acea for the relevant periods presented;
- iii. the APMs are non-IFRS financial measures and are not recognised as measures of financial position, financial performance or liquidity under IFRS, and they should not be considered as substitutes to performance measures prepared in accordance with IFRS or any other generally accepted accounting principles; and
- iv. the APMs should be read together with the financial statements of Acea for the relevant periods to which the APMs relate.

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

## **Stabilisation**

**In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over allot Notes or effect transactions**

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

## **FORWARD-LOOKING STATEMENTS**

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

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



## GENERAL DESCRIPTION OF THE PROGRAMME

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

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

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

**Issuer:** Acea S.p.A.

**Issuer's Legal Entity Identifier:** 549300Q3448N041CTH56

**Risk Factors:** There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes issued under the Programme. These are set out under "*Risk Factors*" below. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under "*Risk Factors*" and include certain risks relating to the structure of particular Series of Notes and certain market risks.

**Description:** Euro Medium Term Note Programme

**Joint Arrangers:** BNP PARIBAS  
Intesa Sanpaolo S.p.A.  
UniCredit Bank GmbH

**Dealers:** Banca Akros S.p.A.  
Banca Monte dei Paschi di Siena S.p.A.  
Banco Bilbao Vizcaya Argentaria, S.A.  
Banco Santander, S.A.  
Barclays Bank Ireland PLC  
BNP PARIBAS  
BofA Securities Europe SA  
Citigroup Global Markets Europe AG  
Crédit Agricole Corporate and Investment Bank  
Deutsche Bank Aktiengesellschaft  
Goldman Sachs International  
ING Bank N.V.  
Intesa Sanpaolo S.p.A.  
J.P. Morgan SE  
Mediobanca – Banca Di Credito Finanziario S.p.A.  
Morgan Stanley & Co. International plc  
Natixis  
Société Générale

UniCredit Bank GmbH  
and any other Dealers appointed in accordance with the Dealer Agreement (as defined in "*Subscription and Sale*" below).

**Certain Restrictions:**

Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements as from time to time in force (see "*Subscription and Sale*"), including the following restrictions applicable at the date of this Base Prospectus.

***Notes having a maturity of less than one year***

Where Notes have a maturity of less than one year and either (a) the issue proceeds are received by the Issuer in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment maintained by the Issuer in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 by the Issuer.

**Fiscal Agent and Paying Agent:**

BNP PARIBAS, Luxembourg Branch

**Listing Agent:**

BNP PARIBAS, Luxembourg Branch

**Programme Size:**

Up to €5,000,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Dealer Agreement.

**Distribution:**

Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

**Currencies:**

Subject to any applicable legal and/or regulatory restrictions, Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer and as stated in the applicable Final Terms.

**Maturities:**

The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or

any laws or regulations applicable to the Issuer or the relevant Specified Currency.

**Issue Price:**

Notes may be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par, as specified in the applicable Final Terms.

**Form of Notes:**

The Notes will be issued in bearer form, as described in "*Forms of the Notes*" below.

**Fixed Rate Notes:**

Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on such basis as may be specified in the applicable Final Terms.

**Floating Rate Notes:**

Floating Rate Notes will bear interest at a rate determined:

- (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating
  - (i) the 2006 ISDA Definitions (as supplemented, amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms)) as published by the International Swaps and Derivatives Association, Inc.; or
  - (ii) the latest version of ISDA 2021 Interest Rate Derivatives Definitions, including each Matrix (as defined therein) (and any successor thereto), as specified in the relevant final terms, each as published by ISDA (or any successor) on its website (<http://www.isda.org>), on the date of issue of the first Tranche of the Notes of such Series; or
- (b) on the basis of the reference rate set out in the applicable Final Terms.

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

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

**Benchmark Replacement:**

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on such basis as may be specified in the applicable Final Terms.

If a Benchmark Event (as defined below) occurs in relation to the reference rate of the Floating Rate Notes, pursuant to Condition 7(i) (*Floating Rate Note Provisions – Benchmark Replacement*), the Issuer shall use all reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Reference Rate or,

failing that, an Alternative Reference Rate. If the Independent Adviser is unable to determine an Alternative Reference Rate prior to the relevant cut-off date, the Issuer, taking into account any relevant and applicable market precedents and published guidance, may determine an Alternative Reference Rate, all as described in Condition 7(i) (*Floating Rate Note Provisions – Benchmark Replacement*).

**Fixed to Floating or  
Floating to Fixed Rate  
Notes:**

Interest may initially accrue at a fixed rate, and then switch to a floating rate, or interest may initially accrue at a floating rate and then switch to a fixed rate.

**Zero Coupon Notes:**

Zero Coupon Notes will be offered and sold at a discount to their principal amount and will not bear interest, in each case as may be agreed between the Issuer and the relevant Dealer and as specified in the applicable Final Terms.

**Redemption:**

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons, upon a Change of Control or following an event of default pursuant to Condition 12 (*Events of Default*)) or that such Notes will be redeemable at the option of the Issuer upon giving notice to the Noteholders and/or at the option of the Noteholders upon giving notice to the Issuer, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer. The applicable Final Terms will also indicate whether the Issuer has a Clean-up Call Option.

Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Certain Restrictions — Notes having a maturity of less than one year*" above.

**Denomination of Notes:**

The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency (see "*Certain Restrictions — Notes having a maturity of less than one year*" above) and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency). If the Final Terms so specify, Notes may be issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000.

**Taxation:**

All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by the Relevant Jurisdiction as provided in Condition 11 (*Taxation*). In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in

Condition 11 (*Taxation*), be required to pay additional amounts to cover the amounts so deducted.

**Negative Pledge:**

The terms of the Notes will contain a negative pledge provision as further described in Condition 5 (*Negative Pledge*).

**Cross Default:**

The terms of the Notes will contain a cross default provision as further described in Condition 12(c) (*Events of Default – Cross-default of Issuer or Subsidiary*).

**Status of the Notes:**

The Notes will constitute direct, general and unconditional obligations of the Issuer and will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

**Rating:**

Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the ratings assigned to other Notes issued under the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

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

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

rating for regulatory purposes if such rating is (1) issued by a credit rating agency not established in the UK and not registered under the UK CRA Regulation or (2) provided by a credit rating agency not established in the UK and such rating is not endorsed by a credit rating agency established in the UK and registered under the UK CRA Regulation or (2) the rating is provided by a credit rating agency not established in the UK and which is not certified under the UK CRA Regulation.

**Approval, Admission to Trading and Listing:**

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

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

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

**Governing Law:**

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

**Selling Restrictions:**

There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including France and the Republic of Italy), the United Kingdom, Singapore, Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".

**United States Selling  
Restrictions:**

Regulation S, Category 1/2. TEFRA C or D  
applicable/TEFRA not applicable, as specified in the  
applicable Final Terms.

## **RISK FACTORS**

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

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

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

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

#### **Risks relating to the Group's financial situation**

##### ***Risks related to Italian and global macroeconomic factors***

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

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

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



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

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

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

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

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

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

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

with a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to pay interest on the Notes or repay the Notes in full at their maturity.

***Risks associated with the continuation of the Russia-Ukraine conflict and the onset of the Middle East conflict***

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

In addition to the above, the geopolitical and economic ramifications of the continued evolution of the armed conflict in the Middle East are not currently known.

Any adverse developments in the global economy may negatively affect the overall economic environment and by extension the Italian economy with potential negative consequences for the Group's business, financial condition and results of operations. See also " – *The changes to the overall economic situation caused by the economic crisis could have a significant adverse impact on the Group's businesses and its profitability*".

***Risks related to national and international political instability***

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

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

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

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

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

results of its operations and its financial condition, with a consequential adverse impact on the market value of the Notes and/or on the Issuer's ability to pay interest on the Notes or repay the Notes in full at their maturity.

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

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

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

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

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

***Risks related to the structure of the Group***

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

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

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

The Issuer's subsidiaries have other liabilities, including contingent liabilities. As a general rule of Italian law, certain creditors of a subsidiary, including trade creditors, secured creditors and creditors holding indebtedness and guarantees issued by the relevant subsidiary and preferred shareholders, if any, of the subsidiary, would be entitled to seize the assets of that subsidiary before any of those assets can be distributed to shareholders upon liquidation or winding up. As a result, the Issuer's obligations under the Notes issued by it will be structurally subordinated to the prior payment of all debts and other liabilities of the Issuer's direct and indirect subsidiaries. Therefore, the Issuer may be unable to make required principal and

interest payments on the Notes and the Issuer may not have sufficient funds available to make payments to the holders of the Notes.

### **Risks relating to the Group's business activities and industry**

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

For the financial year ended 31 December 2023, the Group's regulated activities (integrated water services, distribution of electricity, environmental services and public lighting) accounted for approximately 87 per cent. of the Group's EBITDA.

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

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

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

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

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

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

The Group currently holds eight hydroelectric concessions, for a total installed capacity of approximately 119.3 MW, maturing between 2013 and 2029. Should the Group be required to re-tender for large hydroelectric concessions, this could result in the Group losing the hydroelectric concessions or incurring significant costs in the tender process, either of which could have an adverse impact on the Group's business, results of operations and financial

condition, with a consequential adverse impact on the market value of the Notes and/or the Issuer's ability to pay interest on the Notes or to repay the Notes in full at maturity.

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

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

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

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

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

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

With regard to the prices of energy commodities, there is a risk associated with potential economic and financial harm stemming from changes in the macroeconomic landscape, including geopolitical shifts. The consequences deriving from the mentioned scenarios may result in the reduced consumption of commodities and in the volatility in commodity prices, thereby negatively affecting trade dynamics. The Group carries out Risk Management activity by daily monitoring of key risk metrics aimed at reducing potential margin downside. Nevertheless, the Group has not eliminated its exposure to these risks, and significant variations in fuel, raw material or electricity prices or any interruption in supplies could have a material adverse impact on the business prospects, results of operations and financial condition of the Issuer and the Group, with a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to pay interest on the Notes or to repay the Notes in full at their maturity.

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

***Risks relating to the outsourcing of works, services and supplies***

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

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

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

***The Group may incur significant environmental expenses and liabilities***

The Group's compliance with environmental statutes, rules and regulations (including, among others, those concerning CO<sub>2</sub> emissions, along with emissions of other substances caused by combustion, sewerage and dangerous and solid waste management) involves the incurrence of significant costs relating to environmental monitoring, installation of pollution control equipment, emission fees, maintenance and upgrading of facilities, remediation and permitting. The costs of compliance with existing environmental legal requirements or those not yet adopted may increase in the future.

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

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

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

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

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

The Group controls and operates utility networks and maintains the associated assets with the objective of providing a continuous service. Moreover, the Group also owns and manages power stations, waste management assets and distribution networks and plants, which may be significantly damaged by several external factors beyond the Group's control and, in turn, this may compromise the Group's production capacity. In exceptional circumstances, electricity, gas or water shortages, or the failure of an asset, an element of a network or supporting plant

and equipment, could result in the interruption of service provision or catastrophic damage resulting in significant loss of life and/or environmental damage and/or economic and social disruption. Water shortages may be caused by increases in demand and/or by climate change (average decrease in rainfall, average increase in temperature and general increase in drought events or other natural changes), which may exacerbate seasonal fluctuations in supply availability. In the event of a water shortage, the Group may incur in additional or increased costs in order to provide emergency reinforcement to supplies.

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

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

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

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

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

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

### ***The Group faces risks relating to climate change***

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

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

The implications of regulatory actions on CO<sub>2</sub> emission allowances, renewable sources, taxes and energy efficiency certificates could be very significant, with possible financial impacts. Acea Group implements structural interventions and, when needed, more specific actions to mitigate the abovementioned risks, in order to foster the resiliency of its assets.

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

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

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



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

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

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

Due to the challenging macroeconomic conditions in 2022, despite the Group's strong cash flow performance, Acea deemed it necessary to introduce a corrective measure when assessing credit risk from the previous year. This was done to anticipate potential deterioration in the creditworthiness of its counterparties. As a result, satellite models were utilised to introduce a stress scenario for key companies, determining unpaid rates for invoicing calculations, which varied depending on the specific business involved.

Despite continued financial uncertainties, with increased interest rates and inflation, 2023 was another year in which all the main Group companies saw excellent cash flow performance. With reference to the end of December 2023, as in previous methodology, the prudential ratios applied in 2022 were updated, leading to new amounts for "unpaid stressed".

Furthermore, as done in previous years, during 2023 the Group set up several non-recourse, revolving and spot transactions of receivables from private and business customers but also partially from public administrations. This strategy exposes the Group to the risks involved in closing or failing to close these transactions.

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

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

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

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

### ***Risks related to the Business Plan***

On 5 March 2024, the board of directors of the Issuer approved a 2024-2028 business plan (the "**Business Plan**"), containing the strategic guidelines and economic and financial targets of the Group for the relevant period.

The Business Plan contains the Group's targets through to 2028 prepared on the basis of macroeconomic projections as of its approval date and strategic actions that need to be implemented. The Business Plan is based on numerous assumptions and hypotheses, some of which relate to events not fully under the control of the board of directors and management of the Issuer. In particular, the Business Plan contains a set of assumptions, estimates and predictions that are based on the occurrence of future events and actions to be taken by, inter alia, the board of directors of the Issuer, in the period from 2024 to 2028, which include, among other things, hypothetical assumptions of different natures subject to risks and uncertainties arising from the current economic environment, relating to future events and actions of directors and the management of the Issuer that may not necessarily occur, events, actions, and other assumptions including those related to the performance of the main economic and financial variables or other factors that affect their development over which the directors and management of the Issuer do not have, or have limited, control.

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

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

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

The Issuer's business strategy involves investments in its core businesses and may also involve the acquisition of additional businesses. The success of this strategy depends in part on the Issuer's ability to successfully identify and acquire, on acceptable terms, suitable companies and other assets and, once acquired, on the successful integration of these into the Group's operations, as well as its ability to identify suitable strategic partners and conclude suitable terms with them.

Certain adverse consequences could result from these acquisitions. Acquisitions require the integration and combination of different management, strategies, procedures, products and

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

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

### ***The Group faces increasing competition in the energy and gas markets***

The energy and gas markets in which the Issuer and the Group operate are subject to increasing competition in Italy. In particular, in the electricity and gas businesses, the Group competes with other producers and traders from both Italy and outside of Italy who sell electricity and gas in the Italian market for industrial, commercial and residential usage. An increase in competition could have an impact on the prices paid or achieved in the Issuer's electricity production and trading activities, which in turn could have an adverse impact on the Group's business and results of operations, financial position and cash flows, with a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to pay interest on the Notes or to repay the Notes in full at their maturity.

### **Legal and internal control risks**

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

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

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

The Group operates its business in a political, legal, and social environment which is expected to continue to have a material impact on the performance of the Group. The regulations of a

particular sector may affect many aspects of the Issuer's and the Group's business and, in many respects, determines the manner in which the Group conducts its business and the fees it charges or obtains for its products and services.

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

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

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

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

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

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

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

Adverse outcomes in existing or future litigation could have adverse impacts on the financial position and results of operations of the Group and consequently an adverse impact on the market value of the Notes and/or on the Issuer's ability to pay interest on the Notes or to repay

the Notes in full at their maturity. For further information on the principal legal proceedings that the Group is currently involved in, see "*Description of the Issuer — Litigation*".

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

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

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

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

Furthermore, the Group is exposed to the risk that functional problems in its technological and IT architecture could cause an interruption in its business, as well as the risk of unauthorized access to IT systems or the possible success of external cyber-attacks, which may result in damage, loss, removal or unlawful disclosure of the data managed by the Group which could expose the Group to financial penalties and fines and, in turn, may harm its image or reputation vis-à-vis its customers. Additionally, the Group uses multiple IT platforms, systems and applications to manage certain of its operations (e.g. industrial control systems and operational technology) in the distributions activities. Any breakdowns and interruptions to such IT platforms, systems and applications (which may be caused also by external cyber-attacks) could disrupt the Group's business and ultimately result in equipment damage, power outages, and a range of other hardware, software and network problems. In this regard, on 2 February 2023, Acea fell victim to a hacker attack, which impacted the corporate IT services. The

incident was further aggravated by the online publication of company folders and files illicitly extracted during the attack. Since personal data was also among the compromised information, the Acea's data breach procedure was activated, including notification to the Personal Data Protection Authority (GDPD). Acea promptly implemented all necessary procedures to comply with privacy regulations. However, it should be noted that, at present, it is not possible to predict, based on the currently available information, whether the Personal Data Protection Authority will impose any penalties, nor the amount thereof. Although the Group regularly maintains and updates its IT systems, and within its IT security framework it has adopted advanced solutions for information security, any problems associated with inefficient maintenance, a failure or delay in updating its IT systems, any unauthorized access to its computer systems or a successful external cyber-attack could have an adverse impact on the Group's business and results of operations, financial position and cash flows, with a consequent adverse impact on the market value of the Notes and/or on the Issuer's ability to pay interest on the Notes or to repay the Notes in full at their maturity.

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

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

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

### **Risks related to the structure of a particular issue of Notes**

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

#### ***Notes subject to optional redemption by the Issuer***

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

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

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

### ***Redemption for tax reasons***

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

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

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

### ***The value of fixed rate Notes may change***

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

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

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

specified in the relevant final terms) of the reference rate (e.g., every three months or six months) which itself will change in accordance with general market conditions. Accordingly, the market value of floating rate Notes may be volatile if changes, particularly short term changes, to market interest rates evidenced by the relevant reference rate can only be reflected in the interest rate of these Notes upon the next periodic adjustment of the relevant reference rate.

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

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

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

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



during the term of the relevant Notes, the return on the relevant Notes and the trading market for securities (including the Notes) based on the same benchmark.

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

The Conditions provide also for certain additional arrangements in the event that a published Original Reference Rate (including any page on which such Original Reference Rate may be published (or any successor service)) becomes unavailable or a Benchmark Event (as defined in the Conditions), as applicable, otherwise occurs. Such fallback arrangements include the possibility that the rate of interest could be set by reference to a Successor Reference Rate or an Alternative Reference Rate, and that such Successor Reference Rate or Alternative Reference Rate may be adjusted (if required) in accordance with the recommendation of a relevant governmental body or in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark, although the application of such adjustments to the Notes may not achieve this objective. Indeed, if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by it fails to determine a Successor Reference Rate or an Alternative Reference Rate, the Issuer may determine such Alternative Reference Rate and Adjustment Spread. The application of a Successor Reference Rate or an Alternative Reference Rate or an Adjustment Spread may result in the relevant Notes performing differently (which may include payment of a lower interest rate) than they would do if the relevant Original Reference Rate were to continue to apply in its current form. If no Adjustment Spread is determined, a Successor Reference Rate or Alternative Reference Rate may nonetheless be used to determine the rate of interest. In certain circumstances, the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last used for the relevant Notes or last observed on the Relevant Screen Page.

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

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

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

### ***Notes issued at a substantial discount or premium***

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

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

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

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

### ***No assurance of suitability or reliability of any Second-party Opinion relating to any Green Bonds***

In connection with the issue of "Green Bonds", the Issuer may request a specialised consulting firm or rating agency to issue a so-called second-party opinion confirming that the relevant "green" project expected to be financed and/or refinanced by the net proceeds of the "Green Bonds" has been defined in accordance with the broad categorisation of eligibility for green projects set out in the "Green Bond Principles" ("GBP") published by the International Capital Market Association ("ICMA") (any such second-party opinion, a "**Second-party Opinion**"). A Second-party Opinion may not reflect the potential impact of all risks related to the structure, market, additional risk factors and other factors that may affect the value of the Notes or the projects financed and/or refinanced by the relevant net proceeds. No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any Second-party Opinion which may or may not be made available in connection with the issue of any Notes and in particular with any Eligible Green Projects to fulfil any environmental, sustainability, social and/or other criteria. Any such Second-party Opinion may not reflect the

potential impact of all risks related to the structure, market, additional risk factors discussed above and other factors that may affect the value of the Notes or the projects financed or refinanced toward an amount corresponding the net proceeds of the relevant issue of Notes in the form of "Green Bonds". A Second-party Opinion is a statement of opinion, not a statement of fact and it would not constitute an advice or a recommendation to buy, sell or hold the relevant "Green Bonds" by the Dealers, or any other person and would only be current as of the date it is released. Any withdrawal of any such opinion may have a material adverse effect on the value of any Green Bonds in respect of which such opinion is given and /or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose. Furthermore, prospective investors must determine for themselves the relevance of any such opinion and/or the information contained therein and/or the provider of such opinion for the purpose of any investment in the Notes.

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

### **Risks related to the Notes generally**

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

#### ***Change of Control***

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

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

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

#### ***Modification and waiver***

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind

all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

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

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

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

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

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

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

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

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

***Italian substitutive tax***

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

***Change of law***

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

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

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

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

***Potential conflicts of interest***

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

***Risks related to the market generally***

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

***The secondary market generally***

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes

that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes. In addition, Notes issued under the Programme might not be listed on a stock exchange or regulated market and, in these circumstances, pricing information may be more difficult to obtain and the liquidity and market prices of such Notes may be adversely affected. In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors.

### ***Exchange rate risks and exchange controls***

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

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

### ***Interest rate risks***

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

### ***Credit ratings***

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

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

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

the UK and registered under the UK CRA Regulation or (3) provided by a credit rating agency not established in the UK and which is not certified under the UK CRA Regulation.

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

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

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

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

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

## INFORMATION INCORPORATED BY REFERENCE

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

1. the press release dated 9 May 2024 and entitled "*Acea, 1Q2024 results approved - economic and financial solidity confirmed by improved 2024 first quarter results compared to the first quarter 2023; organic growth in regulated businesses, in line with the Group's business plan*" (the "**1Q Press Release**"), which can be found on the Issuer's website at:

<https://www.gruppo.acea.it/content/dam/acea-corporate/acea-foundation/pdf/en/company/media/comunicati-ps/2024/05/AceaCPS-09052024-en.pdf>

2. the report on operations and the audited consolidated annual financial statements (including the auditors' report thereon and notes thereto) of the Issuer in respect of the year ended 31 December 2023 (the "**2023 Consolidated Financial Statements**"), which can be found on the Issuer's website at:

<https://www.gruppo.acea.it/content/dam/acea-corporate/acea-foundation/pdf/en/company/investors/2024/reports/2023-consolidated-financial-statements.pdf>

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

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

4. the section entitled "Terms and Conditions" of the base prospectus relating to the Programme dated 4 August 2023 (the "**2023 Base Prospectus**"), which can be found on the website of the Issuer at:

<https://www.gruppo.acea.it/content/dam/acea-corporate/acea-foundation/pdf/en/company/investors/2023/emtn/acea-emtn-2023-base-prospectus.pdf>

The parts of, the 1Q Press Release, 2023 Consolidated Financial Statements, the 2022 Consolidated Financial Statements and the 2023 Base Prospectus that are not listed in the cross-reference list and therefore are not incorporated by reference into this Base Prospectus are either not relevant for investors or are covered in another part of the Base Prospectus, *provided, however, that* any statement contained in this Base Prospectus or in any information or in any of the documents incorporated by reference in, and forming part of, this Base Prospectus shall be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement *provided that* such modifying or superseding statement is made by way of a supplement to this Base Prospectus pursuant to Article 23 of the Prospectus Regulation.



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

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

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

### **Cross-reference list**

The tables below set out the relevant page references for (i) the 2023 Consolidated Financial Statements, (ii) the 2022 Consolidated Financial Statements and (iii) the 2023 Base Prospectus.

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## **FINAL TERMS AND DRAWDOWN PROSPECTUSES**

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

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

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

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

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

## FORMS OF THE NOTES

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

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

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

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

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

### **Temporary Global Note exchangeable for Permanent Global Notes**

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

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

- (i) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Fiscal Agent; and
- (ii) receipt by the Fiscal Agent of a certificate or certificates of non-U.S. beneficial ownership.

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

If:

- (a) the Permanent Global Note has not been delivered or the principal amount thereof increased by 5.00 p.m. (London time) on the seventh day after the bearer of the Temporary Global Note has requested exchange of an interest in the Temporary Global Note for an interest in a Permanent Global Note; or
- (b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer of the Temporary Global Note in accordance with the terms of the Temporary Global Note on the due date for payment,

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

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

- (a) on the expiry of such period of notice as may be specified in the Final Terms; or
- (b) at any time, if so specified in the Final Terms; or
- (c) if the Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if either of the following events occurs:
  - (i) Euroclear or Clearstream or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
  - (ii) any of the circumstances described in Condition 12 (*Events of Default*) occurs.

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

If:

- (a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) the Permanent Global Note was originally issued in exchange for part only of a Temporary Global Note representing the Notes and such Temporary Global Note becomes void in accordance with its terms; or
- (c) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

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

### **Temporary Global Note exchangeable for Definitive Notes**

If the relevant Final Terms specifies the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but

not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

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

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

If:

- (a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Temporary Global Note for Definitive Notes; or
- (b) the Temporary Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Temporary Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Temporary Global Note on the due date for payment,

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

#### **Permanent Global Note exchangeable for Definitive Notes**

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

- (a) on the expiry of such period of notice as may be specified in the relevant Final Terms; or
- (b) at any time, if so specified in the relevant Final Terms; or
- (c) if the relevant Final Terms specifies "in the limited circumstances described in the Permanent Global Note", then if either of the following events occurs:

- (i) Euroclear or Clearstream or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
- (ii) any of the circumstances described in Condition 12 (*Events of Default*) occurs.

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

If:

- (a) Definitive Notes have not been duly delivered by 5.00 p.m. (London time) on the thirtieth day after the bearer has requested exchange of the Permanent Global Note for Definitive Notes; or
- (b) the Permanent Global Note (or any part thereof) has become due and payable in accordance with the Terms and Conditions of the Notes or the date for final redemption of the Permanent Global Note has occurred and, in either case, payment in full of the amount of principal falling due with all accrued interest thereon has not been made to the bearer in accordance with the terms of the Permanent Global Note on the due date for payment,

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

### **Rights under Deed of Covenant**

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

### **Terms and Conditions applicable to the Notes**

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



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

**Legend concerning United States persons**

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

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

## TERMS AND CONDITIONS OF THE NOTES

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

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

### 1. Introduction

- (a) *Programme:* Acea S.p.A. (the "**Issuer**") has established a Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to €5,000,000,000 in aggregate principal amount of notes (the "**Notes**").
- (b) *Final Terms:* Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a final terms (the "**Final Terms**") which completes these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as completed by the relevant Final Terms. In the event of any inconsistency between these Conditions and the relevant Final Terms, the relevant Final Terms shall prevail.
- (c) *Agency Agreement:* The Notes are the subject of an issue and paying agency agreement dated 19 July 2024 (the "**Agency Agreement**") between the Issuer and BNP PARIBAS, Luxembourg Branch, as fiscal agent (the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and the paying agents named therein (together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes).
- (d) *The Notes:* All subsequent references in these Conditions to "Notes" are to the Notes which are the subject of the relevant Final Terms. Copies of the relevant Final Terms are available for viewing at the specified office of the Fiscal Agent, the initial specified office of which is set out below.
- (e) *Summaries:* Certain provisions of these Conditions are summaries of the Agency Agreement and are subject to their detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons, if any, (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Paying Agents, the initial Specified Offices of which are set out below.

### 2. Interpretation

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

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

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

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

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

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

**"Business Day"** means:

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

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

- (a) **"Following Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day;
- (b) **"Modified Following Business Day Convention"** or **"Modified Business Day Convention"** means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (c) **"Preceding Business Day Convention"** means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (d) **"FRN Convention"**, **"Floating Rate Convention"** or **"Eurodollar Convention"** means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Final Terms as the Specified Period

after the calendar month in which the preceding such date occurred **provided, however, that:**

- (i) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (ii) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (iii) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and
- (e) **"No Adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

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

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

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

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

- (a) a Change of Control occurs; and
- (b) at the time of the occurrence of the Change of Control, the Notes carry any of the following:
  - (i) an investment grade credit rating (BBB-/Baa3/BBB-, or equivalent, or better), and such rating from any Rating Agency is within 180 days of the occurrence of the Change of Control either downgraded to a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse) or withdrawn and is not within such 180-day period subsequently (in the case of a downgrade) upgraded to an investment grade credit rating by such Rating Agency or (in the case of a withdrawal) replaced by an investment grade credit rating from any other Rating Agency; or
  - (ii) a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse), and such rating from any Rating Agency is within 180 days of the occurrence of the Change of Control downgraded by one or more notches (for illustration, Ba1 to Ba2 being one notch) and is not within

such 180-day period subsequently upgraded to its earlier credit rating or better by such Rating Agency; or

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

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

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

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

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

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

- (a) if "**Actual/Actual (ICMA)**" is so specified, means:
  - (i) where the Calculation Period is equal to or shorter than the Regular Period during which it falls, the actual number of days in the Calculation Period divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
  - (ii) where the Calculation Period is longer than one Regular Period, the sum of:
    - (A) the actual number of days in such Calculation Period falling in the Regular Period in which it begins divided by the product of (1) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year; and
    - (B) the actual number of days in such Calculation Period falling in the next Regular Period divided by the product of (a) the actual number of days in such Regular Period and (2) the number of Regular Periods in any year;
- (iii) "**Actual/Actual (ISDA)**" is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (iv) if "**Actual/365 (Fixed)**" is so specified, means the actual number of days in the Calculation Period divided by 365;

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



first Interest Payment Date) or the previous Interest Payment Date (in any other case);

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

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

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

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

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

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

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

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

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

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

**"Minimum Rating"** means:

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

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

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

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

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

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

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

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

**"Payment Business Day"** means:

- (a) if the currency of payment is euro, any day which is:
- (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (ii) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (b) if the currency of payment is not euro, any day which is:
- (i) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (ii) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

**"Permitted Reorganisation"** means an amalgamation, reorganisation, merger, demerger, consolidation or restructuring whilst solvent whereby the assets and undertaking of the Issuer (or, in the case of a demerger, all or substantially all of such assets and undertaking) are vested in a body corporate in good standing and (A) such body corporate (i) assumes or, if the surviving entity is the Issuer, maintains liability

as principal debtor in respect of the Notes and (ii) continues substantially to carry on the business of the Issuer as reported in the Issuer's most recently published audited financial statements immediately prior to the amalgamation, reorganisation, merger, demerger, consolidation or restructuring; and (B) following the completion of the amalgamation, reorganisation, merger, demerger, consolidation or restructuring, the Notes continue to carry by each Rating Agency that rated the Notes prior to the announcement of the amalgamation, reorganisation, merger, demerger, consolidation or restructuring a rating at least equal to the Minimum Rating;

**"Permitted Security Interest"** means:

- (a) any Security Interest arising solely by operation of law;
- (b) any Security Interest existing over the assets of a company which becomes a Material Subsidiary of the Issuer after the date of the relevant Final Terms where such Security Interest already exists at the time that such a company becomes a Material Subsidiary of the Issuer (provided that such Security Interest was not created in contemplation of, or in connection with, that company becoming a Material Subsidiary of the Issuer and provided further that the amounts secured have not been increased in contemplation of, or in connection with, that company becoming a Material Subsidiary of the Issuer); and
- (c) any Security Interest to secure Relevant Indebtedness upon, or with respect to, any of its present or future assets (including receivables) or revenues or any part thereof which is created pursuant to any securitisation, asset backed financing or like arrangement, including, for the avoidance of doubt, Project Finance Indebtedness (as defined below), whereby all payment obligations in respect of the Relevant Indebtedness or any guarantee of or indemnity in respect of the Relevant Indebtedness, as the case may be, secured by such Security Interest or having the benefit of such secured guarantee or other indemnity, are to be discharged solely from such assets (including receivables) or revenues;
- (d) any Security Interest in existence on the relevant Issue Date of each Series of Notes, provided that the principal amount secured by the Security Interest is not subsequently increased and the Security Interest remains limited to all or part of the same property and assets that originally secured the Security Interest; and
- (e) any Security Interest created in substitution of any security permitted under paragraphs (a) to (d) above, provided that the principal amount secured by the substitute Security Interest does not exceed the principal amount secured by the initial Security Interest.

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

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

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

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

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

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

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

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

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

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

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

**"Redemption Amount"** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other

amount in the nature of a redemption amount as may be specified in the relevant Final Terms;

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

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

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

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

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

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

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

**"Regular Period"** means:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) *Interpretation:* In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;
- (iii) if Talons are not specified in the relevant Final Terms as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 11 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 11 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being "outstanding" shall be construed in accordance with the Agency Agreement;
- (vii) if an expression is stated in Condition 2(a) (*Interpretation – Definitions*) to have the meaning given in the relevant Final Terms, but the relevant Final Terms gives no such meaning or specifies that such expression is "not applicable" then such expression is not applicable to the Notes; and
- (viii) any reference to the Agency Agreement shall be construed as a reference to the Agency Agreement, as amended and/or supplemented up to and including the Issue Date of the Notes.

### 3. **Form, Denomination and Title**

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

holder. No person shall have any right to enforce any term or condition of any Note under the Contracts (Rights of Third Parties) Act 1999.

#### 4. **Status**

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

#### 5. **Negative Pledge**

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

#### 6. **Fixed Rate Note Provisions**

- (a) *Application:* This Condition 6 (*Fixed Rate Note Provisions*) is applicable to the Notes:
- (i) if the Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable; or
  - (ii) if the Fixed-Floating Rate Note Provisions or the Floating-Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable, in respect of those Interest Periods for which the Fixed Rate Note Provisions are stated to apply.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 6 (*Fixed Rate Note Provisions*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is five days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such fifth day (except to the extent that there is any subsequent default in payment).
- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.



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

## 7. **Floating Rate Note Provisions**

- (a) *Application:* This Condition 7 (*Floating Rate Note Provisions*) is applicable to the Notes:
- (i) if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable; or
  - (ii) if the Fixed-Floating Rate Note Provisions or the Floating-Fixed Rate Note Provisions are specified in the relevant Final Terms as being applicable, in respect of those Interest Periods for which the Floating Rate Note Provisions are stated to apply.
- (b) *Accrual of interest:* The Notes bear interest from the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 10 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 7 (*Floating Rate Note Provisions*) (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is five days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such fifth day (except to the extent that there is any subsequent default in payment).
- (c) *Screen Rate Determination:* If Screen Rate Determination is specified in the relevant Final Terms as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis, subject as provided in Condition 7(i) (*Floating Rate Note Provisions – Benchmark Replacement*) below:
- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
  - (iii) and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined;

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

(d) *ISDA Determination:*

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

- (A) the Floating Rate Option is as specified in the relevant Final Terms;
- (B) the Designated Maturity, if applicable, is a period specified in the relevant Final Terms; and
- (C) the relevant Reset Date unless otherwise specified in the relevant Final Terms, has the meaning given to it in the ISDA Definitions.

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

- (e) *Maximum or Minimum Rate of Interest:* If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Final Terms, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (f) *Calculation of Interest Amount:* The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the Calculation Amount, multiplying the product by the relevant Day Count Fraction, rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards) and multiplying such rounded figure by a fraction equal to the Specified Denomination of the relevant Note divided by the Calculation Amount. For this purpose a "**sub-unit**" means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (g) *Publication:* The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Paying Agents and each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also

promptly be given to the Noteholders. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period. If the Calculation Amount is less than the minimum Specified Denomination the Calculation Agent shall not be obliged to publish each Interest Amount but instead may publish only the Calculation Amount and the Interest Amount in respect of a Note having the minimum Specified Denomination.

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

- (i) *Benchmark Replacement:*

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

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

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

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

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

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

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

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

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

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

- (iv) promptly following the determination of (i) any Successor Reference Rate or Alternative Reference Rate (as applicable) and (ii) if applicable, any Adjustment Spread, the Issuer shall give notice thereof and of any changes (and the effective date thereof) pursuant to Condition 7(i)(iii)(C) to the

Fiscal Paying Agent and, if applicable, the Calculation Agent and the Noteholders in accordance with Condition 18 (*Notices*).

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

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

For the purposes of this Condition 7(i):

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

- (v) in the case of a Successor Reference Rate, is formally recommended in relation to the replacement of the Reference Rate with such Successor Reference Rate by any Relevant Nominating Body;
- (vi) (if no such recommendation has been made or in the case of an Alternative Reference Rate) the Independent Adviser or the Issuer determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Reference Rate or the Alternative Reference Rate (as the case may be); or
- (vii) (if the Issuer determines that no such industry standard is recognised or acknowledged), the Independent Adviser or the Issuer determines (acting in good faith and in a commercially reasonable manner) to be appropriate.

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

**"Benchmark Event"** means:

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

- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is no longer representative of its relevant underlying market; or
- (v) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes, in each case by a specific date within the following six months; or
- (vi) it has become unlawful (including, without limitation, under the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as amended from time to time, if applicable) for any Paying Agent, Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate,

*provided that* in the case of sub-paragraphs (ii), (iii) and (v), the Benchmark Event shall occur on the later of (a) the date which is six months prior to the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, as the case may be and (b) the date of the relevant public statement.

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

**"Original Reference Rate"** means:

- (i) the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes; or
- (ii) any Successor Reference Rate or Alternative Reference Rate which has been determined in relation to such benchmark or screen rate (as applicable) pursuant to the operation of this Condition 7(i).

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

- (i) the central bank for the currency to which such reference rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which such

reference rate relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of such reference rate, (c) a group of the aforementioned central banks or other supervisory authorities, or (d) the Financial Stability Board or any part thereof.

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

#### 8. **Zero Coupon Note Provisions**

- (a) *Application:* This Condition 8 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Final Terms as being applicable.
- (b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
  - (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price on the basis of the relevant Day Count Fraction from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is five days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such fifth day (except to the extent that there is any subsequent default in payment).

#### 9. **Redemption and Purchase**

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 10 (*Payments*).
- (b) *Redemption for tax reasons:* The Notes may be redeemed at the option of the Issuer in whole, but not in part:
  - (i) at any time (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being not applicable), and *provided that* if either the Floating-Fixed Rate Note Provisions or the Fixed-Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable, such time of redemption does not fall during an Interest Period the Rate of Interest in respect of which is calculated in accordance with the Floating Rate Note Provisions; or
  - (ii) on any Interest Payment Date (if the Floating Rate Note Provisions are specified in the relevant Final Terms as being applicable),

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

- (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 11 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of any Relevant Jurisdiction or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the date on which the agreement is reached to issue the first Tranche of the Notes; and
- (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

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

- (1) where the Notes may be redeemed at any time, 90 days (or such other period as may be specified in the relevant final terms) prior to the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due; or
- (2) where the Notes may be redeemed only on an Interest Payment Date, 60 days (or such other period as may be specified in the relevant final terms) prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer would be obliged to pay such additional amounts if a payment in respect of the Notes were then due.

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

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



- (d) *Partial redemption:* If the Notes are to be redeemed in part only on any date in accordance with Condition 9(c) (*Redemption and Purchase – Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Fiscal Agent approves and in such manner as the Fiscal Agent considers appropriate, subject to compliance with applicable law, the rules of each competent authority, stock exchange and/or quotation system (if any) by which the Notes have then been admitted to listing, trading and/or quotation and the notice to Noteholders referred to in Condition 9(c) (*Redemption and Purchase – Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Final Terms, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.
- (e) *Clean-Up Call Option:* If the Clean-up Call Option (defined herein) is specified in the relevant Final Terms as being applicable, in the event that at least 80 per cent. of the initial aggregate principal amount of the Notes has been purchased and cancelled by the Issuer, the Issuer may, at its option (the "**Clean-Up Call Option**") but subject to having given not less than thirty (30) nor more than sixty (60) days' notice to the Noteholders, redeem all, but not some only, of the outstanding Notes. Any such redemption shall be at par together, if appropriate, with any interest accrued to the date fixed for redemption. Any Notes that have been redeemed and cancelled by the Issuer pursuant to Condition 9(c) (*Redemption and Purchase – Redemption at the option of the Issuer*) at an Optional Redemption Amount (Call) equal to the Make-Whole Amount shall not be considered as purchased and cancelled for the purposes of this Condition 9(e).
- (f) *Redemption at the option of Noteholders:* If the Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the holder of any Note redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 9(f), the holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put) (or such other period(s) as may be specified in the relevant final terms), deposit with any Paying Agent such Note together with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Paying Agent. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 9(f), may be withdrawn; **provided, however, that** if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 9(f), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.
- (g) *Redemption at the option of Noteholders upon a Change of Control Put Event:* If at any time while the Notes remain outstanding a Change of Control Put Event occurs, the

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

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

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

- (h) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (g) above.
- (i) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Final Terms, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

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

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

- (j) *Purchase*: The Issuer and any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price (provided that they are purchased together with all unmatured Coupons relating to them).
- (k) *Cancellation*: All Notes redeemed pursuant to the Conditions and any unmatured Coupons attached to or surrendered with them will be cancelled and may not be re-issued or resold. All Notes purchased in accordance with Condition 9(j) (*Redemption and Purchase – Purchase*) and any unmatured Coupons attached to or surrendered with them may be held, re-issued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

## 10. **Payments**

- (a) *Principal*: Payments of principal shall be made only against presentation and (**provided that** payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.
- (b) *Interest*: Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (**provided that** payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.
- (c) *Payments in New York City*: Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer has appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 11 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements

thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 11 (*Taxation*)) any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

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

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

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

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

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

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

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

- (g) *Payments on business days:* If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (h) *Payments other than in respect of matured Coupons:* Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States (or in New York City if permitted by paragraph (c) above).
- (i) *Partial payments:* If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) *Exchange of Talons:* On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Fiscal Agent for a further Coupon Sheet including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 13 (*Prescription*). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

## 11. **Taxation**

### (a) *Gross up:*

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

- (i) in the case of any Note and/or Coupon presented for payment by or on behalf of a holder who is liable to such Taxes in respect of such Note or Coupon by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note or Coupon; or
- (ii) if such Note or Coupon is presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days; or
- (iii) in the case of a Note and/or Coupon presented for payment in the Republic of Italy; or

- (iv) in the case of a Note and/or Coupon presented for payment by or on behalf of a holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (v) where such withholding or deduction is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive, law or agreement implementing or complying with, or introduced in order to conform to, such Directive; or
- (vi) in the case of any Note and/or Coupon presented for payment by or on behalf of a Noteholder or a Couponholder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or
- (vii) in relation to any payment or deduction of any interest, principal or other proceeds of any Note or Coupon on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1st April 1996 ("Decree No. 239") and any related implementing regulations (as the same may be amended or supplemented at the date of issue of the Notes); or
- (viii) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or other amounts are paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a country which does not allow for a satisfactory exchange of information with the Italian authorities (the states allowing for an adequate exchange of information with the Republic of Italy are those listed in Ministerial Decree of 4 September 1996, as amended and supplemented).

## 12. Events of Default

If any of the following events occurs:

- (a) *Non-payment*: the Issuer (1) fails to pay any amount of principal in respect of the Notes when due and such failure continues for a period of seven days, or (2) fails to pay any amount of interest in respect of the Notes when due and such failure continues for a period of 14 days; or
- (b) *Breach of other obligations*: without prejudice to Condition 12(a) (*Events of Default – Non-payment*), the Issuer does not perform or comply with any one or more of its other obligations in the Notes which default is incapable of remedy or is not remedied within 30 days following the service by a Noteholder on the Issuer of a written notice of such default addressed to the Issuer, delivered to the Issuer or to the Specified Office of the Fiscal Agent; or
- (c) *Cross-default of Issuer or Material Subsidiary*:
  - (i) any other Indebtedness for Borrowed Money (other than Project Finance Indebtedness) of the Issuer or any of its Material Subsidiaries becomes due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or

- (ii) any such Indebtedness for Borrowed Money (other than Project Finance Indebtedness) is not paid when due or, as the case may be, within any applicable grace period, or
- (iii) the Issuer or any of its Material Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any Indebtedness for Borrowed Money (other than Project Finance Indebtedness),

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

- (d) *Enforcement*: a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a substantial part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries and is not discharged or stayed within 45 days; or
- (e) *Security enforced*: any mortgage, charge, pledge, lien or other encumbrance, created or assumed by the Issuer or any of its Material Subsidiaries in respect of all or a substantial part of the property, assets or revenues of the Issuer becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person); or
- (f) *Insolvency etc*: the Issuer or any of its Material Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends the payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or a material part of the debts of the Issuer or any of its Material Subsidiaries; or
- (g) *Winding up etc*: an order is made or an effective resolution passed for the winding-up or dissolution of the Issuer or any of its Material Subsidiaries, or the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations, except for the purpose of and followed by (A) a reconstruction, amalgamation, reorganisation, merger, demerger or consolidation (i) on terms approved by a resolution of the Noteholders, or (ii) in the case of a Material Subsidiary, whereby all or substantially all of the undertaking and assets of the Material Subsidiary are transferred, sold, contributed, assigned to or otherwise vested in the Issuer or another of its Material Subsidiaries, or (B) a Permitted Reorganisation; or
- (h) *Analogous event*: any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in paragraphs (e) to (g) above.

Then any Note may, by notice in writing given to the Fiscal Agent at its specified office by the holder, be declared immediately due and payable whereupon it shall become immediately due and payable at its principal amount together with accrued interest

without further formality unless such event of default shall have been remedied prior to the receipt of such notice by the Fiscal Agent.

13. **Prescription**

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

14. **Replacement of Notes and Coupons**

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

15. **Agents**

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

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

- (a) the Issuer shall at all times maintain a Fiscal Agent; and
- (b) the Issuer shall at all times maintain a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC; and
- (c) if a Calculation Agent is specified in the relevant Final Terms, the Issuer shall at all times maintain a Calculation Agent; and
- (d) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent in any particular place, the Issuer shall maintain a Paying Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.



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

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

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

In relation to the convening of meetings, quorums and the majorities required to pass an Extraordinary Resolution, the following provisions shall apply in respect of the Notes but are subject to compliance with mandatory laws, legislation, rules and regulations of Italy in force from time to time and, where applicable Italian law so requires, the Issuer's by laws:

- (i) a meeting of Noteholders may be convened by the Issuer and/or the Noteholders' Representative (as defined below) and shall be convened by either of them upon the request in writing of Noteholders holding not less than one twentieth of the aggregate principal amount of the outstanding Notes;
- (ii) a meeting of Noteholders will be validly held (subject to any mandatory laws, legislation, rules and regulations of Italian law, as well as the Issuer's by-laws, in force from time to time) if: (a) in respect of a meeting convened to pass a resolution relating to a Reserved Matter, there are one or more persons present being or representing Noteholders holding at least one-half of the aggregate principal amount of the outstanding Notes; or (b) in respect of a meeting convened to pass a resolution that does not relate to a Reserved Matter, (i) in the case of a sole meeting (*convocazione unica*), there are one or more persons being or representing Noteholders holding at least one-fifth of the aggregate principal amount of the outstanding Notes, (ii) in the case of a first meeting (*prima convocazione*), there are one or more persons present being or representing Noteholders holding at least one-half of the aggregate principal amount of the outstanding Notes, (iii) in the case of a second meeting (*seconda convocazione*), there are one or more persons present being or representing Noteholders holding more than one-third of the aggregate principal amount of the outstanding Notes or (iv) in the case of any subsequent adjourned meeting (*convocazioni successive*), there are one or more persons present being or representing Noteholders holding at least one-fifth of the aggregate principal amount of the outstanding Notes; provided that the Issuer's by-laws may in each case (to the extent permitted under the applicable laws and regulations of the Republic of Italy) provide for a higher quorum; and
- (iii) the majority required to pass an Extraordinary Resolution at any meeting (including any adjourned meeting) convened to vote on any resolution will be (a) for voting on any matter other than a Reserved Matter, one or more persons holding or representing at least two-thirds of the aggregate principal amount of the outstanding Notes represented at the meeting or (b) for voting on a Reserved Matter, the higher of (i) one or more persons holding or representing not less than one half of the aggregate principal amount of the outstanding Notes, and (ii) one or more persons holding or representing not less than two thirds of the Notes represented at the meeting, provided that, to the extent permitted under

applicable provisions of Italian law, the Issuer's by-laws may in each case provide for higher majorities. Any resolution duly passed at any such meeting shall be binding on all the Noteholders, whether or not they are present at the meeting and on all Couponholders.

- (b) *Noteholders' Representative*: a representative of the Noteholders (*rappresentante comune*) (the "**Noteholders' Representative**"), subject to applicable provisions of Italian law, may be appointed pursuant to Article 2417 of the Italian Civil Code in order to represent the Noteholders' interests under these Conditions and to give effect to resolutions passed at a meeting of the Noteholders. If the Noteholders' Representative is not appointed by a resolution of such Noteholders, the Noteholders' Representative shall be appointed by a decree of the court where the Issuer has its registered office at the request of one or more Noteholders or at the request of the directors of the Issuer. The Noteholders' Representative shall remain appointed for a maximum period of three years but may be reappointed again thereafter.
- (c) *Modification*: the parties to the Agency Agreement may agree, without the consent of the Noteholders or the Couponholders, to (i) any modification of any provision of the Agency Agreement which is of a formal, minor or technical nature or is made to correct a manifest error and (ii) any other modification, and any waiver or authorisation of any breach or proposed breach, of any provision of the Agency Agreement which in the opinion of the Issuer is not materially prejudicial to the interests of the Noteholders or the Couponholders. These Conditions may be amended by the parties to the Agency Agreement, without the consent of the Noteholders or Couponholders, to correct a manifest error.

## 17. **Further Issues**

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

## 18. **Notices**

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

## 19. **Currency Indemnity**

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

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

## 20. **Rounding**

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

## 21. **Governing Law and Jurisdiction**

- (a) *Governing law*: The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law. Conditions 16(a) and 16(b) are subject to compliance with mandatory provisions of Italian law.
- (b) *English courts*: The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes and/or the Coupons (including any non-contractual obligation arising out of or in connection with the Notes).
- (c) *Appropriate forum*: The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.
- (d) *Rights of the Noteholders to take proceedings outside England*: Notwithstanding Condition 21(b) (*English courts*), as an alternative to the jurisdiction of the courts of England, the Noteholders may take proceedings relating to a Dispute ("**Proceedings**") before any competent courts in the Republic of Italy.

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

## FORM OF FINAL TERMS

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

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

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

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

target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

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

**Final Terms dated [●]**

**Acea S.p.A.**

**Legal Entity Identifier (LEI): 549300Q3448N041CTH56**

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

**under the €5,000,000,000**

**Euro Medium Term Note Programme**

**PART A – CONTRACTUAL TERMS**

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the base prospectus dated 19 July 2024 [and the supplement[s] to the base prospectus dated [●] [●][and [●] [●]]] [which [together] constitute[s] a base prospectus (the "**Base Prospectus**") for the purposes of Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**")]. This document constitutes the Final Terms of the Notes described herein [for the purposes of Article 8 of the Prospectus Regulation] and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information.]

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

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") set forth in the base prospectus dated 4 August 2023. This document constitutes the Final Terms of the Notes described herein for the purposes of Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**") and, save in respect of the Conditions, must be read in conjunction with the base prospectus dated 19 July 2024 [and the supplement[s] to the base prospectus dated [●] [●][and [●] [●]]] (together, the "**Base Prospectus**") in order to obtain all the relevant information. The Base Prospectus constitutes a base prospectus for the purposes of the Prospectus Regulation. The Conditions are incorporated by reference in the Base Prospectus.]

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

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

1.
  - (i) Series Number: [●]
  - (ii) Tranche Number: [●]
  - (iii) Date on which the Notes become fungible: [Not Applicable]/[The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [●] on [[●]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 25 below [which is expected to occur on or about [●]]].
2. Specified Currency or Currencies: [●]
3. Aggregate Principal Amount: [●]
  - (i) Series: [●]
  - (ii) Tranche: [●]
4. Issue Price: [●] per cent. of the Aggregate Principal Amount [plus accrued interest from [●] (*insert date, if applicable*)]
5. (i) Specified Denominations: [●] [and integral multiples of [●] in excess thereof up to and including [●]]. No Notes in definitive form will be issued with a denomination above [●].

*(Under current practices of Euroclear and Clearstream, unless paragraph 25 (Form of Notes) below specifies that the Permanent Global Note is to be exchanged for Definitive Notes "in the limited circumstances described in the Permanent Global Note", Notes may only be issued in denominations which are integral multiples of the lowest Specified Denomination and may only be traded in such amounts, whether in global or definitive form.)*

*(Note – The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be €100,000 (or, if the Notes are*

*denominated in a currency other than euro, the equivalent amount in such currency)).*

*(Notes, including Notes denominated in Sterling, in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 Financial Services and Markets Act 2000 and which have a maturity of less than one year must have a minimum redemption value of £100,000 (or its equivalent in other currencies).)*

- (ii) Calculation Amount: [●]
- (If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. There must be a common factor in the case of two or more Specified Denominations.)*
6. (i) Issue Date: [●]
- (ii) Interest Commencement Date: [[●]/Issue Date/Not Applicable]
7. Maturity Date: [●] *[Specify date or (for Floating Rate Notes) Interest Payment Date falling in or nearest to the relevant month and year]*
8. Interest Basis: [[●] per cent. Fixed Rate] [EURIBOR +/- [●] per cent. Floating Rate]  
[Fixed-Floating Rate]  
[Floating-Fixed Rate]  
[Zero Coupon]
- (further particulars specified in paragraphs [13/14/15/16/17] below)*
9. Redemption/Payment Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at 100 per cent. of their principal amount.
10. Change of Interest or Redemption/Payment Basis: [●]/[Not Applicable] *[Specify the date when any fixed or floating rate change occurs or cross refer to paragraphs 13 (Fixed Rate Note Provisions) and 14 (Floating Rate Note Provisions) below and identify these]*



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

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

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

*(If not applicable, delete the remaining sub-paragraphs of this paragraph)*

- (i) Interest Period(s): [●]
- (ii) Specified Period: [●]
- (iii) Specified Interest Payment Dates: [Not Applicable]/[●], subject to adjustment in accordance with the Business Day Convention set out in sub-paragraph (v) below]
 

*(Note that this item adjusts the end date of each Interest Period (and consequently, also adjusts the length of the Interest Period and the amount of interest due). In relation to the actual date on which Noteholders are entitled to receive payment of interest, see also Condition 10(g) (Payments - Payments on business days) and the defined term "Payment Business Day".)*
- (iv) [First Interest Payment Date]: [●]
- (v) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/ Modified Following Business Day Convention/ Preceding Business Day Convention]
- (vi) Additional Business Centre(s): [Not Applicable]/[●]
- (vii) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s): [[Fiscal Agent]/*[an institution other than the Fiscal Agent]* shall be the Calculation Agent]/[Not Applicable]
- (ix) Screen Rate Determination: (Conditions 7(c) (*Floating Rate Note Provisions – Screen Rate Determination*) and 7(d)) (*Floating Rate Note Provisions – ISDA Determination*)
  - Reference Rate: EURIBOR
  - Reference Banks: [●]/[Not Applicable]
  - Interest Determination Date(s): [●]

- Relevant Screen Page: [•]
  - Relevant Time: [•]
  - Relevant Financial Centre: [•]
- (x) ISDA Determination: [Applicable/Not Applicable] *(If not applicable delete the remaining subparagraphs of this paragraph)*
- ISDA Definitions: [2006 ISDA Definitions / 2021 ISDA Definitions]
  - Floating Rate Option: [EUR-EURIBOR-Reuters]/[EUR-EURIBOR]  
  
*(The Floating Rate Option should be selected from one of: EUR-EURIBOR-Reuters (if 2006 ISDA Definitions apply) EUR-EURIBOR (if 2021 ISDA Definitions apply) (each as defined in the ISDA Definitions). These are the options envisaged by the terms and conditions)*
  - Designated Maturity: [•]
  - Reset Date: [•]/[as specified in the ISDA Definitions]/[the first day of the relevant Interest Period, subject to adjustment in accordance with the Business Day Convention set out in [(vi)] above and as specified in the ISDA Definitions]
  - Additional terms relating to the [•] / [Not Applicable] 2021 ISDA Definitions:
- (xi) Margin(s): [ +/- ][•] per cent. per annum
- (xii) Minimum Rate of Interest: [[•] per cent. per annum]/[Not Applicable]
- (xiii) Maximum Rate of Interest: [[•] per cent. per annum]/[Not Applicable]
- (xiv) Day Count Fraction: [Actual/Actual (ICMA) / Actual/Actual (ISDA) / Actual/365 (Fixed) / Actual/360 / 30/360 / 30E/360 / Eurobond Basis / 30E/360 (ISDA)]
15. **Fixed-Floating Rate Note Provisions:** [Applicable]/[Not Applicable]  
[[•] per cent. Fixed Rate in respect of the Interest Period(s) ending on (but excluding) [•], then calculated in

accordance with paragraph 14 (*Floating Rate Note Provisions*) above.]

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

## PROVISIONS RELATING TO REDEMPTION

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

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

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes: Bearer Notes:  
  
[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [●] days' notice]\*

[Permanent Global Note exchangeable for Definitive Notes on [●] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]

*(\*Notes may only be issued pursuant to this option in amounts equal to the Specified Denomination or integral multiples thereof)*

- |     |   |   |
|-----|---|---|
| 26. | New Global Note:  | [Yes]/[No]  |
| 27. | Additional Financial Centre(s):   | [Not Applicable]/[●]  |
| 28. | Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): | [Yes]/[No]. [As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are left.] |

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

By: .....  
Duly authorised

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

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

### 2. RATINGS

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

[Fitch: [●]]

[Moody's: [●]]

[[Other]: [●]]]

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

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

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

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<sup>2</sup> Insert "Not Applicable" where the Notes are not to be admitted to trading.

<sup>3</sup> Insert "Not Applicable" where the Notes are not to be admitted to trading.

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

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

*[Insert legal name of particular credit rating agency entity providing rating]* is established in the EEA and has applied for registration under Regulation (EC) No 1060/2009, as amended (the "**EU CRA Regulation**"), although notification of the corresponding registration decision has not yet been provided by the [relevant competent authority] / [European Securities and Markets Authority]. / [European Securities and Markets Authority]. *[Insert*



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

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

[*Insert legal name of particular credit rating agency entity providing rating*] is established in the EEA and is neither registered nor has it applied for registration under Regulation (EC) No 1060/2009, as amended (the "**EU CRA Regulation**"). [*Insert legal name of particular credit rating agency entity providing rating*] is

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

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

*[Insert legal name of particular UK credit rating agency entity providing rating]* is established in the UK and registered under Regulation (EC) No 1060/2009 on credit rating agencies as it forms part of domestic law of the United Kingdom by virtue of the

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

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

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

(Withdrawal) Act 2018 (the "**UK CRA Regulation**")

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

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

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

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

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

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

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

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

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

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

(i) Use of Proceeds

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

(ii) Estimated net proceeds

[●]/[Not Applicable]

5. **YIELD**

Indication of yield:

[●]/[Not Applicable]

6. **HISTORIC INTEREST RATES**

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

7. **[THIRD PARTY INFORMATION]**

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

## 8. OPERATIONAL INFORMATION

ISIN Code: [●]

Common Code: [●]

[Intended to be held in a manner which would allow Eurosystem eligibility:]

[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognized as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/

[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking SA and the relevant identification number(s):

[[Not Applicable]/[●] (*give name(s), address(es) and identification number(s))*]

Delivery:

Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any):

[●]/[Not Applicable]

## 9. DISTRIBUTION

(i) U.S. Selling Restrictions:

[TEFRA C/TEFRA D/TEFRA]/[Not applicable]

(ii) Method of distribution:

[Syndicated]/[Non-syndicated]

- (iii) If syndicated: *(If not applicable, delete the remaining sub-paragraphs of this paragraph (iii))*
- (a) Names and addresses of Managers and underwriting commitments [●]
  - (b) Stabilising Manager(s) if any [Not Applicable]/[●]
  - (c) If non-syndicated, name and address of Dealer: [Not Applicable]/[●]
- (iv) Prohibition of Sales to EEA Retail Investors: [Not Applicable]/[●]
- (v) Prohibition of Sales to UK Retail Investors: [Not Applicable]/[●]

## OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

### Clearing System Accountholders

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

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

### Conditions applicable to Global Notes

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

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

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

*Exercise of put option:* In order to exercise the option contained in Condition 9(f) (*Redemption and Purchase – Redemption at the option of Noteholders*) or Condition 9(g) (*Redemption and Purchase – Redemption of the option of the Noteholders upon a Change of Control Put Event*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.



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

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

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

## USE OF PROCEEDS

The net proceeds of any issue of Notes will be used by the Issuer for general corporate purposes.

If in respect of any particular issue of Notes a specific use of proceeds is selected, such use of proceeds will be specified in the applicable Final Terms.

If a Tranche of Notes to be issued is described as "Green Bonds", the applicable Final Terms will describe the relevant "green" projects to which the net proceeds of such Tranche of Notes will be applied and refer to the Green Financing Framework.

A Tranche of Notes will be described as "Green Bonds" only if the net proceeds of such Tranche of Notes will be used to finance and/or refinance, in whole or in part, an Eligible Green Project.

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

As at the date of this Base Prospectus, "Eligible Green Projects" under the Green Financing Framework are divided between four green development axis and include, but are not limited to:

1. **Water Management**, whereby the Issuer has identified projects aimed at addressing the following, *inter alia*:
  - investment aiming at reducing water losses and installation of gauges for pressure and flow rate management;
  - water supply system aimed at increasing the resiliency of the water supply system;
2. **Energy Efficiency**, whereby the Issuer has identified projects aimed at addressing the following, *inter alia*:
  - investments to reduce networks energy losses;
  - production and installation of energy smart meters on the network investments in digital technologies to improve the management and increase the efficiency of the electric grid;
3. **Circular Economy**, whereby the Issuer has identified projects aimed at addressing the following, *inter alia*:
  - operation of wastewater collection and treatment aiming at reducing sewage sludge;
  - implementation of infrastructures aimed at increasing the total waste management capacity;
  - new and revamping of the anaerobic digestion facilities;
4. **Green Energy**, whereby the Issuer has identified projects aimed at addressing, *inter alia*, the construction, acquisitions and development of photovoltaic plants and development of greenfield photovoltaic plants.

Under its Green Financing Framework, the Issuer is expected to publish an allocation and an impact report in respect of the Notes issued as "Green Bonds", on a yearly basis. The allocation section of the report will provide indication, *inter alia*, of (a) the amount of net proceeds allocated per each Eligible Green Project category; (b) the percentage of the proceeds used for the refinancing of existing projects; (c) the amount of unallocated proceeds, if any, at the date of reporting and (d) the status of the relevant Eligible Green Project. The impact section of the report will disclose the relevant key environmental impact indicators per each Eligible Green Project category, as specified in the Green Financing Framework.

The allocation and impact report will be made available on the Issuer's website ([www.gruppo.acea.it](http://www.gruppo.acea.it)).

In connection with the issuance of any Green Bond, any Second-party Opinion, if requested by the Issuer, will be made available on the Issuer's website<sup>4</sup>.

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

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

## DESCRIPTION OF THE ISSUER

### OVERVIEW

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

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

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

The ordinary shares of ACEA have been listed on the Italian Stock Exchange since 1999. As at 15 July 2024, ACEA had a market capitalisation of Euro 3,300,955,950, ACEA has been assigned a Baa2 issuer rating with a "stable outlook" by Moody's and a BBB+ long-term issuer default rating with a "stable outlook" by Fitch, a subsidiary of Fitch Ratings Ltd. Moody's and Fitch are established in the European Union and are registered under the CRA Regulation. As such, Fitch and Moody's are included in the list of credit ratings agencies published by the ESMA on its website available (<https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the EU CRA Regulation.

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

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

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

- **generation**, carrying out the activities of power generation, energy efficiency projects and energy solutions;
- **commercial and trading sector**, carrying out the activities of energy and gas trading, sale of electricity and gas and district heating;
- **engineering and services sector**, carrying out the activities of laboratory analysis, research and planning;
- **environment sector**, carrying out the activities of waste to energy and organic waste to compost conversion; and
- **overseas**, using the Group's know-how and distinctive expertise in managing infrastructure and export the business in which the Group operates (mainly water services in Latin America area).

For the financial year ended 31 December 2023, the consolidated revenues of the ACEA Group amounted to Euro 4,649 million (a decrease of 9.52 per cent. compared to the financial year ended 31 December 2022). For the financial year ended 31 December 2023, the consolidated EBITDA of the ACEA Group amounted to Euro 1,391 million (an increase of 6.59 per cent, compared to the financial year ended 31 December 2022).

## HISTORY AND DEVELOPMENTS

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

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

In 2002, ACEA took over management of the whole sewerage system in Rome.

In 2004, ACEA launched the integrated water service in the ATO 2 area (Rome – Central Latium) and in the same year won the right to manage the service in new areas, consolidating its national leadership in water management.

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

In 2010, the Board of Directors of the Issuer approved a preliminary termination agreement of the Acea-Electrabel S.A. joint venture between ACEA and GDF Suez Energia Italiana S.p.A. ("GSEI"). The unwinding of the joint venture between ACEA and GSEI was completed on 31 March 2011. Electrabel S.A. was a Belgian company and a member of the GDFSuez Group (previously the Suez Group), which entered into a strategic joint venture with Acea in 2002 to develop energy activity in Italy.

During 2012, the Group launched Project Acea 2.0 to enable the Issuer to fully integrate and manage all business processes using innovative mobile technologies. This innovation program was made possible by a work force management system, a digital IT platform – developed by SAP Italia S.p.A. ("SAP") – that allows the Issuer to coordinate and monitor its activities and its suppliers in real time. The digitalization process initially involved the water networks in Rome and Frosinone and the electricity distribution network in Rome.

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

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

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

On 15 December 2023, a.cities S.r.l. was established, with a share capital of Euro 50,000 thousand. As of the date of this Base Prospectus, the company is not yet operational and the focus of its activity will be the management of public and artistic lighting.

On 5 March 2024, the Board of Directors of Acea approved the Business Plan, which supersedes the previous 2020-2024 business plan approved on 26 October 2020 (the "**Previous Business Plan**"). The Business Plan envisages, *inter alia*, the achievement of science-based targets (SBT) of emissions reduction by 2032 and the promotion of ESG performance throughout the supply chain. For further details and information on the Business Plan, please see "*Description of the Issuer – Strategy*" below.

## STRUCTURE OF THE GROUP

The Issuer is the parent company of the Group, which, as of 31 December 2023, was made up of 117 companies in which the Issuer holds shares, of which 60 are consolidated on the integral method and 57 are consolidated on shareholder's equity.

The following diagram illustrates the main companies of the Group as at 31 December 2023:

## WATER

96% ACEA ATO2

98% ACEA ATO5

99% SARNESE VESUVIANO

37% GORI

100% ACEA MOLISE

99% OMBRONE

40% ACQUEDOTTO DEL FIORA

87% ACQUE BLU ARNO BASSO

45% ACQUE

75% ACQUE BLU FIORENTINE

40% PUBLIACQUA

48% G.E.A.L.

40% UMBRA ACQUE

35% INTESA ARETINA

46% NUOVE ACQUE

58% GESESA

51% ADISTRIBUZIONE GAS

55% NOTARESCO GAS

45% ASM TERNI

99% UMBRIADUE SERVIZI IDRICI

43% SERVIZIO IDRICO INTEGRATO

## ENGINEERING& INFRASTRUCTURE PROJECTS

100% ACEA INFRASTRUCTURE

100% SIMAM

100% TECHNOLOGIES WATER SERVICES

44% INGEGNERIE TOSCANE

## NETWORKS & SMART CITIES

100% ARETI

## WATER (OVERSEAS)

100% ACEA INTERNATIONAL

100% ACEA DOMINICANA

100% ACEA PERU

61% AGUAS DE SAN PEDRO

100% CONSRCIO ACEA-ACEA DOMINICANA

44% CONSORCIO AGUA AZUL

51% AGUAZUL BOGOTA

## COMMERCIAL

100% ACEA ENERGIA

100% UMBRIA ENERGY

100% ACEA INNOVATION

100% ACEA ENERGY MANAGEMENT

## PRODUCTION

100% ACEA PRODUZIONE

100% ECOGENA

49% ENERGIA

100% ACEA RENEWABLE

100% ACEA SOLAR

100% SF ISLAND

100% ACEA RENEWABLE 2

100% FERGAS SOLAR 2

40% ACEA SUN CAPITAL

## ENVIRONMENT

100% ACEA AMBIENTE

100% DEMAP

90% AS RECYCLING

80% CAVALLARI

60% MEG

70% S.E.R. PLAST

70% TECNOSERVIZI

60% FERROCART (via ASM TERNI)

60% BERG

85% AQUASER

73% ACQUE INDUSTRIALI

80% ISECO

100% ORVIETO AMBIENTE

100% DECO

100% ECOLOGICA SANGRO

50% ECOMED

## PRINCIPAL ACTIVITIES

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

The above principal activities are reconciled to the Group's operating segments, which are presented consistently in the consolidated financial statements of the Issuer for the years ended 31 December 2023 and 2022, as follows:

- Water: includes the operations in the Italian Integrated Water Services operating segment, as well as those related to the distribution of gas and ASM Terni;
- Energy infrastructure<sup>5</sup>: includes the operations in the Distribution and Public Lighting operating segments;
- Generation: includes the operations in the Generation and "Industrial" Energy Efficiency operating segments;
- Commercial and trading: includes the operations in the Energy Management, Sale and "Retail" Energy Efficiency operating segments;
- Overseas: includes the operations in the Overseas operating segment;
- Environment: includes the operations in the Environment (*i.e.* sludge management, treatment, recycling, waste to energy and waste disposal) operating segment;
- Engineering and services: includes the operations in the Engineering & internal consultancy and Laboratory Analysis operating segments.

The tables in this section set forth the contribution to revenues, costs, income from equity investments and gross operating profit (EBITDA) of each of the Group's lines of business for the relevant reference period<sup>6</sup>. Such figures exclude intra-sector transactions between subsidiaries belonging to the same line of business, but show intra-group transactions, which are condensed with the holding corporate results.

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<sup>5</sup> "Energy Infrastructure" refers to Areti and public lighting.

<sup>6</sup> In the following tables Revenues, Costs and EBITDA are data rounded to the first decimal figure. Due to this rounding the values shown may not correspond exactly to the sum of its parts.



<b>Gross Operating Profit (EBITDA)</b>	<b>Year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<i>millions of euro</i>	
Water.....	743.9	669
Energy infrastructure .....	375.4	352.2
Generation	53.9	89.8
Commercial and trading.....	129.3	90.0
Environment.....	84.4	101.6
Engineering and services .....	9.9	13.2
Overseas.....	35.7	33.0
Corporate/Consolidation Adjs. ....	(41.6)	(43.7)
<b>Consolidated EBITDA.....</b>	<b>1,390.9</b>	<b>1,305.0</b>

## INTEGRATED WATER SERVICES AND GAS DISTRIBUTION

The Group is the leading provider of integrated water services to the Italian water market and the largest operator in Italy with a current customer base of approximately, 10,000,000 Italian residents representing approximately 15 per cent. of the entire Italian market.

In 2023, revenues from integrated water services amounted to Euro 1,493.7 million with an increase equal to Euro 119.3 million (8.7 per cent.) compared to the previous year (Euro 1,374.4 million).

The table below shows the contribution to revenues and operating and personal costs of the Group's integrated water services business segment for the financial years ended on 31 December 2023 and 31 December 2022.

Integrated Water Services	Year ended 31 December	
	2023	2022
	<i>millions of euro</i>	
Revenues.....	1,493.7	1,374.4
Costs.....	749.8	705.4
<b>Gross Operating Profit (EBITDA)</b>	<b>743.9</b>	<b>669.0</b>

In Italy, the water sector (as well as the energy sector) is governed by the ARERA (formerly AEEGSI), an independent body established under Law no. 481 of 14 November 1995 in order to regulate and control the electricity and gas sectors. The district public authorities (the *Autorità di Ambito Territoriale Ottimale* or ATO<sup>7</sup>), in accordance with the provisions of the ARERA, give recommendations on the water tariff for the district subject to approval of the ARERA.

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

- (2) Lazio, where ACEA ATO 2 and ACEA ATO 5, respectively, provide their services in the provinces of Rome and Frosinone;
- (3) Campania, where Gori S.p.A. ("**Gori**") and Gesesa S.p.A. ("**Gesesa**"), respectively, provides water services in part of the province of Salerno and in part of the province of Naples and in the provinces of Avellino and Benevento;
- (4) Tuscany, where the Group operates in the province of Pisa through Acque S.p.A., in the province of Florence through Publiacqua S.p.A., in the province of Arezzo through Nuove Acque S.p.A., in the provinces of Siena and Grosseto through Acquedotto del Fiora S.p.A. and in the province of Lucca through Geal S.p.A.;
- (5) Umbria, where the Group operates in the province of Perugia through Umbra Acque S.p.A. and in the province of Terni through Umbriadue Servizi Idrici S.c.a.r.l. and Servizio Idrico Integrato S.c.p.a.; and

<sup>7</sup> For a detailed description of the ATO and the water tariff mechanism, please see "*Regulation*" below.

- (6) Molise, where the Group operates in the province of Campobasso through ACEA MOLISE S.r.l.

The service provided by the Group comprises (i) the management of the entire cycle of integrated water services from withdrawal at the springs to transportation via aqueducts and the water network, (ii) the distribution of water to end users and (iii) the purification of waste water in treatment plants.

## **Management of Water Services in Lazio**

### ***ATO 2 Central Lazio***

The ACEA Group manages, as the sole operator, the integrated water services of ACEA ATO 2, covering Rome and its province, one of the largest Italian integrated water districts in terms of geographic area.

Supply sources supply drinking water to approximately 3.7 million inhabitants of Rome and Fiumicino and 106 Municipalities of Lazio, through five aqueducts and a system of pipelines under pressure. Three additional sources of supply provide the resource not drinking water to be introduced into the Rome watering network.

In 2022, ACEA ATO 2, in order to safeguard the sources of supply and implement an increasingly sustainable management of water resources, completed the study of the availability, in quantitative terms, of potential groundwater resources and the possible impacts related to the withdrawal of water resources through the monitoring of several variables and the implementation of appropriate interpretative models. One of the key goals of the Issuer is to reduce physical and commercial losses and improve network efficiency. The Issuer keeps implementing actions to achieve this goal. Within this context, in July 2023 Acea allocated a first tranche for the improvement of the coverage and quality of the integrated water service in the area operated by Acea ATO 2 in order to reduce water loss and improve energy efficiency. Such loan was drawn pursuant to a loan agreement entered into by Acea and the European Investment Bank.

In particular, in 2022:

- although the summer season was particularly dry, with water resources below the 25<sup>th</sup> percentile in recorded history, the efficiency initiatives implemented by the company made it possible to significantly reduce withdrawals of water directly from the environment and consequently limit supply problems. In fact, only the municipality of Percile, which was also recently acquired, made use of nocturnal water shifts;
- the districting of an additional 1,373 km of the water network was completed. The purpose of districting networks, namely the delimiting of the distribution districts (or measurement districts), is to make the network operations more efficient, controlling in detail the level of the losses in the individual districts and guide the instrumental research activities for their reduction. Overall, as of 31 December 2022, there were approximately 12,967 km of districted water pipes with continuous remote monitoring;
- the search for hidden leaks was carried out through a punctual and systematic analysis of the networks according to the anomalies emerging from the monitoring of the water districts implemented;

- pressure regulator devices were installed in order to actively manage water pressure and reduce pipe bursts across the distribution network; one such device is the regulation hub at Colle Oppio (Rome), which has improved the efficiency of the water service across a wide area of Rome's 1<sup>st</sup> municipal district;
- implementation of remote monitoring of meters installed at supply sources continued, with the aim of optimising the quality of process measurement and the timeliness of measurement acquisition for the purpose of preparing correct water balance; and
- actions aimed at ensuring the administrative regularisation of cases of unlawful withdrawals, supplies not reactivated, contracts not correctly transferred from previous managements, etc., continued, including by employing new strategies.

Furthermore, as at 31 December 2023, ACEA ATO 2 managed a total of approximately over 7,500 kilometres of sewerage network, 765 sewerage pumping stations - of which 183 in the Roma Capitale area - and a total of 163 waste treatment plants – 28 of which in the Roma Capitale area - for a total quantity of treated water equal to 588.68 Mmc (data referring to managed treatment plants only). ACEA ATO 2 manages the waste treatment system and pumping stations that serve the network and sewage trunk lines.

As of 31 December 2023, the 6 main treatment plants had treated an average volume of water equal to about 16.34 Mmc, a slight increase compared to the volume treated during 2022 (16.17 Mmc).

In 2023, the programme of real-time monitoring of the flow rates treated by the plants continued, which to date have reached a total of 558.68 Mmc out of 163 managed plants.

### ***ATO 5 South Lazio – Frosinone***

ACEA ATO 5, ACEA's 98.45 per cent. owned subsidiary, is the company which manages the integrated water services of ATO 5 Southern Lazio – Frosinone covering a geographic area with a population of approximately 489,000 inhabitants and 86 municipalities (the management of the Municipality of Paliano still remains to be acquired, while the Municipalities of Conca Casale and Rocca D'Evandro are "outside the scope"). As of 31 December 2023, ACEA ATO 5 covered a population of approximately 450,434 inhabitants, with a service coverage of approximately 93% of the territory. The number of users is 202,209. The company is also responsible for all other related, resulting or associated water activities. The water supply and distribution network cover more than 6,170 km and has a sewerage network of around 1,802 km which manages the return of the treated water to the environment.

The sewerage-purification system comprises a network of sewers and trunk lines connected to 122 waste treatment terminals. ACEA ATO 5 manages 232 sewage pumping plants and 127 treatment plants.

With regard to 2023, the digitalisation of the networks in the managed area continued, with the inclusion of data in the GIS - Geographic Information System. As of 31 December 2023 the size of the water network is 6,212 total km (1,235 km of water supply network plus 4,977 km of distribution network).

Following, *inter alia*, the significant increase in the costs of raw materials, worsened by the international geopolitical crisis, in 2023 the directors of ACEA ATO 5 confirmed the continued

significant uncertainties which could give rise to serious doubts about the ability of the said company to function as a going concern.

### **Management of water services in Campania**

Gori, a joint-stock company in which ACEA's 99.16 per cent. owned subsidiary Sarnese Vesuviano S.r.l. holds 37.05 per cent., is the company which manages the integrated water services of ATO 3 of the Campania region, known as the "*Sarnese Vesuviano*" area, where it provides water services in the northern part of the province of Salerno and in the southern part of the province of Naples. Gori provides integrated water services, which cover an area of approximately 900 square kilometres with a population of approximately 1.47 million inhabitants. A total of 5,274 km of water network is currently managed, consisting of 869 km of primary abstraction network and 4,405 km of distribution network, and a 2,746 km drainage system.

Gori currently manages 13 water sources, 117 wells, 204 tanks, 116 water pumping stations, 211 wastewater pumping stations and 13 waste treatment plants.

Gori provides integrated water services on the basis of an agreement entered into on 30 September 2002 between Gori and the Water District Authority of Sarnese Vesuviano, which has a duration of 30 years.

Gesesa, a joint stock company which operates in the Sannita District, promotes and develops the initiative for the Management of the Integrated Water Service in Municipalities in the Province of Benevento.

Gesesa manages the Integrated Water Service in 21 Municipalities in the province of Benevento for a total resident population of about 113,147 inhabitants spread over an area of about 710 square kilometres with a water infrastructure of about 1,557 km, a sewerage network of 517 km and about 320 plants managed. The total number of user accounts amounts to about 56,343, for which consumption was estimated at about 7.7 million cubic metres of water.

The sewerage service is provided to approximately 80% of users while the purification service reaches about 40% of users.

Gesesa began to establish the foundations consistent with the resolutions of the board for a new path of growth and development aimed at achieving strategic objectives that provide for the company's growth. For these reasons, the investments also focused on the improvement and adaptation of the sewerage systems and the restructuring of the treatment plants and the preliminary design of those not yet present in the territory.

In May 2020, following a decision by the Public Prosecutor at the Court of Benevento, 12 Gesesa purification plants were seized with the appointment of a judicial administrator. Gesesa has expressed its willingness to bear costs for significant purification activities. The Court of Benevento therefore gave its approval to carry out these activities. Gesesa also had a private audit carried out with reference to 18 other managed purification plants and not subjected to seizure, in order to identify any necessary actions to improve the purification results.

Subsequently, the purification activities relating to the sequestered plants were started. In particular, during the meeting, held on November 2021, of the technical advisory committee set up to manage the agreed activities, the timing of the necessary interventions was redetermined as of 31 March 2022, largely due to delays in the supply of materials encountered

due to the Covid Emergency, with an increase of approximately 15% of the estimated cost of the works (which amounts to approximately Euro 800,000).

Upon completion of the activities, the judicial administrator filed a specific report with the Public Prosecutor acknowledging the positive conclusion of the plant's re-functionalization activities. In the light of such report, the Public Prosecutor: on the one side, with a provision dated 9 September 2022, considered the requirements that gave rise to the appointment of the judicial administrator to have ceased; on the other side, the release of the purification plants from the seizure was not ordered due to the lack of the conditions for such release.

Consequently, the competent Court confirmed the permanence of the seizure of the purification plants. Since the public prosecutor has not contested the provision of the Court of Benevento, the latter became final. In relation to the criminal proceeding, in June 2022, the company was notified of the conclusion of the preliminary investigations and the preliminary hearing was set for 23 January 2023, then postponed to 26 June 2023. In February 2023, the company filed a request for release from seizure of the purification plants. The Court did not accept this request as the public prosecutor represented the need to carry out further investigations (to be performed by the competent judicial police) with reference to the systems.

After the completion of such investigations, Gesesa submitted again a request for the release of the purification plants. Following this request, the judge ordered the release of 2 out of the 12 purification plants, maintaining the seizure of the remaining 10 due to their non-compliance to certain toxicological-related parameters.

On 24 November 2023, the company decided to submit a further request for the release of the seizure for the remaining 10 plants. In March 2024, the competent judge ordered the release of the 10 purifiers.

To date, the criminal case is pending at the preliminary hearing stage. On 17 June 2024, the civil parties and the defense of some accused took part in discussions. The Public Prosecutor reiterated the request for indictment. The Judge for the Preliminary Hearing (*GUP*) adjourned the remaining discussions to 22 July.

### **Management of water services in Tuscany**

Acque S.p.A. ("**Acque**") is the company that manages the integrated water services of ATO 2 Tuscany – *Basso Valdarno* covering a geographic area with a population of approximately 734.798 inhabitants and 57 municipalities in 2023, in the provinces of Florence, Lucca, Pisa, Pistoia and Siena. The water network covers nearly 6,066 km and the sewerage network is approximately 3,080 km long (with 150 linked treatment plants). On 31 October 2023, Acque acquired an additional 10% of the shares of Acque Blu Arno Basso S.p.A. ("**ABAB**").

Therefore, ACEA's interest in Acque is through its 86.66 per cent. owned subsidiary, ABAB (after the purchase from Consorzio Toscano Cooperative of its one per cent. stake in ABAB), which in turn holds 45 per cent. of the share capital of Acque.

Acque supplies integrated water services on an exclusive basis in ATO 2 Tuscany on the basis of an agreement signed on 28 December 2001 (that came into effect on 1 January 2002) between Acque and the Water District Authority of Basso Valdarno, which has a duration of 20 years.

On 11 February 2015, the Water Regional Authority of Tuscany agreed upon the proposal submitted by the company to extend the concession period to 2026, and on 6 April 2016, an

agreement was signed which confirmed such extension of the concession period. The Board of Directors of the Water Regional Authority of Tuscany approved, *inter alia*, a further extension of the concession until 31 December 2031.

On 18 December 2020, the executive council of the Water Regional Authority of Tuscany, with Resolution no. 7, approved the tariff proposal for the period 2020-2023 (according to the ARERA Resolution 580/2019/R/idr of 27 December 2019) submitted for ARERA's approval. On 28 September 2021 with Resolution No 404/2021/R/IDR, ARERA approved this proposal.

As of 1 January 2022 Acque has taken over from Acque Toscane in the management of the water service in the municipalities of Montecatini and Ponte Buggianese.

On 2 November 2023 Acque merged by incorporation of its subsidiary Acque Servizi S.r.l.

Publiacqua S.p.A. ("**Publiacqua**"), in which ACEA's 75.01 per cent. owned subsidiary Acque Blu Fiorentina S.p.A. ("**ABF**") holds 40 per cent., is the company that manages the integrated water services of ATO 3 Tuscany – Medio Valdarno with an area of approximately 3,76 square kilometres. The area includes 49 municipalities, including the provinces of Pistoia, Prato and Florence, and comprised approximately 1,297,368 inhabitants in 2023.

Publiacqua supplies integrated water services on the basis of a concession which is in effect until 31 December 2024. The water network covers nearly 6,907 km and the sewerage network is approximately 3,820 km long with 128 linked treatment plants.

With regard to tariffs, on 16 February 2021, with Resolution no 59/2021/R/idr, ARERA approved the tariff framework for the 2020-2023 period. Following said resolution, on 31 March 2021, the Tuscan Area Governing Body (AIT) and Publicacqua entered into an agreement which approved the extension of the concession to 31 December 2024.

On February 2023, the Water Regional Authority of Tuscany approved the tariffs review for the period 2020-2021. This act provides an increase of guaranteed revenue by 3 per cent. for the period 2023-2024. Approval by ARERA is currently awaited.

Acquedotto del Fiora S.p.A. ("**Acquedotto del Fiora**" or "**AdF**"), in which ACEA's 99.51 per cent. owned subsidiary Ombrone S.p.A. holds 40 per cent., is the company that manages the integrated water services of ATO 6 Ombrone covering a geographic area of approximately 7,600 square kilometres in the provinces of Siena and Grosseto with a population of approximately 388,000 inhabitants in 2023 that increases, during the summer season, to approximately 636,355 inhabitants.

Acquedotto del Fiora supplies integrated water services, on an exclusive basis in ATO 6 Ombrone, on the basis of an agreement signed on 28 December 2001 between Acquedotto del Fiora and the Water District Authority of Ombrone. The concession term is 25 years from 1 January 2002, and in 2020 it was extended until 2031.

Nuove Acque S.p.A., in which ACEA's 35 per cent. owned subsidiary Intesa Aretina S.c.a.r.l. holds 46.16 per cent., is the company that manages the integrated water services of ATO 4 – Alto Valdarno ("**ATO 4**") covering a geographic area of approximately 3,270 square kilometres with a population of approximately 300.000 inhabitants. The area includes 37 municipalities in the province of Arezzo.

Nuove Acque S.p.A. supplies integrated water services, on an exclusive basis in ATO 4, on the basis of an agreement signed on 1 June 1999 between the company and the Water District Authority of Alto Valdarno. The concession term is set until 2029.

ACEA directly maintains a presence in ATO 1 – Northern Tuscany, holding a 48.00 per cent. stake in GEAL S.p.A. ("**GEAL**"), which is the only operating subsidiary. GEAL is the integrated water services operator in the municipal territory of Lucca, on the basis of a concession between the company and the Municipality of Lucca expiring on December 2025.

### **Management of water services in Umbria**

Umbra Acque S.p.A. ("**Umbra Acque**"), in which ACEA holds a 40 per cent. stake, manages the integrated water services of ATO 1 Perugia with a geographic area of 4,300 square kilometres, approximately 494,272 inhabitants in 2023 and 38 municipalities. The water network covers nearly 6,358 km and the sewerage network is approximately 1,853 km long, with 124 linked treatment plants. Umbra Acque provides integrated water services on the basis of an agreement entered into on 18 December 2002 between Umbra Acque and Water District Authority of Perugia that came into effect on 1 January 2003, which has a duration of 25 years. Umbra Acque's concession will expire on 31 December 2031.

The Issuer holds a 99.4 per cent. interest in Umbriadue Servizi Idrici S.c.a.r.l. ("**U2**") through ASM Terni. U2 holds, in turn, a 40 per cent. stake in Servizi Idrici Integrati S.c.p.a., the integrated water services operator in the 32 municipalities of the province of Terni – ATO 4 of Umbria. The Terni area covers 1,953 square kilometres, the resident population served amounts to approximately 220,000 inhabitants, the number of served users is equal to around 121,000 and the water network covers 2,600 kilometres.

### **Management of Gas Distribution**

On 31 August 2020, ACEA completed the acquisition of 51% of the share capital of Alto Sangro Distribuzione S.r.l. ("**Alto Sangro**") (with a line-by-line consolidation of 51% of such company), which operates in the distribution of methane gas. Alto Sangro is present in 24 municipalities in the province of L'Aquila.

On 3 August 2021, Pescara Distribuzione Gas S.r.l., whose 51% shares were purchased by Acea in 2019, was merged by incorporation into Alto Sangro, which at the same time changed its name to AdistribuzioneGas ("**AdG**").

As at 31 December 2023, AdG owned the gas distribution infrastructure consisting in 1672 km and 125,000 grid points, in part of the provinces of Pescara, L'Aquila, Chieti, Salerno, Isernia and Campobasso.

## **ENERGY INFRASTRUCTURE**

The Group is the third largest electricity distributor in Italy in terms of volumes of energy distributed and the second largest operator by number of end users. It distributes electricity to the municipality of Rome, serving approximately 2.8 million inhabitants as at 31 December 2023. The Group also manages the municipality's public lighting and floodlighting service with over 232,334 light points.

In 2023 revenues from the Energy Infrastructure business segment amounted to Euro 628.4 million, with an increase equal to Euro 21.9 million (3.6 per cent.) as compared with the previous year (Euro 606.5 million).



The table below shows the contribution to revenues, operating and personnel costs and EBITDA of the Group's Energy Infrastructure business segment for the financial years ended 31 December 2023 and 31 December 2022.

<b>Energy Infrastructure</b>	<b>Year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<i>millions of euro</i>	
Revenues .....	628.4	606.5
Costs.....	253.0	254.3
<b>Gross Operating Profit (EBITDA)</b>	<b>375.4</b>	<b>352.2</b>

## Energy Distribution

The Group's energy distribution activities are operated through ARETI, a wholly owned subsidiary of the Issuer.

ARETI runs the electricity distribution services in the municipalities of Rome and Formello.

In the municipality of Rome, ARETI serves approximately 1,662,000 users, corresponding to approximately 2.8 million inhabitants by means of a grid of cables and overhead lines covering more than 32,144 km.

ARETI also carries out the planning, design, construction and maintenance of high-voltage primary distribution plants and medium and low-voltage secondary distribution networks. ARETI also manages the cemetery lighting systems in the municipality of Rome.

As at 31 December 2023, ARETI distributed 9,050 GWh to end customers, slightly up on the previous year.

EBITDA of ARETI for the financial year ended 31 December 2023 increased by 6,6 per cent compared to the previous financial year.

## Public Lighting Services

ACEA manages the public lighting and artistic floodlighting service in the municipality of Rome, on the basis of a 30-year concession agreement that will expire in 2027. In March 2011, ACEA and the municipality of Rome renewed the service agreement governing performances aligning its duration to the concession, with expiration set in 2027.

Such services include: (i) energy supply; (ii) operation of facilities; (iii) plant repairs and extraordinary maintenance; (iv) network modernisation; (v) regulatory compliance of facilities; (vi) replacement of former lighting fixtures with light-emitting-diodes (LED) luminaires.

The EBITDA of public lighting for the financial year ended 31 December 2023 amounted to Euro 3.9 million, an increase of Euro 3 million compared to 31 December 2022 due to extraordinary maintenance and safety activities and extraordinary items relative to previous years.

The services were entrusted to ACEA's wholly owned subsidiary Acea Illuminazione Pubblica S.p.A. ("AIP") until December 2016, placed under liquidation on 13 December 2018.

In the context of the reorganisation of the Group, the partial spin-off of AIP's business unit concerning structures in the technical and operating activities relating to "Rome public lighting" in favour of ARETI became effective at the end of December 2016, and such business unit has become the vehicle through which the Group takes part in tenders for public lighting services.

In 2022, extraordinary maintenance, modernisation and safety activities agreed with Roma Capitale regularly continued, thus creating new lighting points as part of the lighting re-engineering and development projects. With regard to the public lighting service, following the opinion given by the Italian Antitrust Authority ("AGCM") in Bulletin no. 49 of 14 December 2020, Roma Capitale began checking the conditions of consistency and economic convenience of the relevant performance terms, in accordance with the terms and conditions of the service contract agreement entered into by and between the Public Administration and ACEA (and through ARETI), compared to those established pursuant to the so-called "Consip Luce 3 Convention". In addition, on the basis of the positions expressed by the Italian Antitrust Authority, Roma Capitale expressed queries over the legitimacy of the award to ACEA. In this regard, with Municipal Board Resolution (D.G.C.) no. 359/2020, Roma Capitale expressly acknowledged the AGCM's opinion and addressed its competent department to achieve a termination by agreement of the service contract. On 8 February 2021, Roma Capitale communicated the results of said checks, affirming the congruity and convenience of the economic terms established with respect to the qualitative and economic parameters of the Consip Luce 3 Convention. With the same communication, Roma Capitale also confirmed the correctness of the prices applied for the public lighting service and ordered the resumption of the procedures for payment of the ascertained receivables of ACEA and ARETI with respect to the service contract. In July 2021, Roma Capitale undertook to settle the acknowledged receivables and, as of 1 June 2022, negotiations between the parties regarding the acknowledgement of the sums due and the scheduling of related payments are still ongoing.

Since 2022, ACEA and Roma Capitale started negotiating terms and conditions of a possible settlement of disputes concerning termination of a service contract.

In September 2023, the Board of Directors of Acea approved a settlement agreement proposal with Roma Capitale, as formally notified by the latter on July 2023. This agreement proposal is aimed to manage their respective positions and facilitate the early termination of contractual relationships regarding public lighting services provided by Acea and Areti. In December 2023, Roma Capitale also endorsed the draft settlement agreement during the City's Assembly. The main economic effect of the proposed agreement is the recognition of receivables totalling approximately Euro 100.6 million owed to Acea/Areti from Roma Capitale of which Euro 86 million will be divided into three instalments and Euro 14 million will be payable within 90 days from the date on which a new operator is entrusted to carry out the lighting services. Although the agreement had not been formally signed yet by the reporting date, the economic and financial impacts were not expected to be significant, as Acea had already adjusted its estimates in previous financial statements according to relevant regulations. Therefore, the potential effects of the settlement were not reflected in the 2023 financial statements pending formal agreement.

## **Technological innovation projects**

### *2G digital meter project*

In an increasingly advanced technological context, ARETI launched the "2G Digital Meter" project, with the aim of replacing the first-generation electricity meter system with the 2G

Smart Metering system (in compliance with the requirements of the ARERA Resolution 306/2019/R/eel) (the "**2G SMS**").

In this regard, in April 2019 ARETI selected Enel Global Infrastructure & Networks as the supplier of the field equipment (meters and concentrators). With Resolution no. 293/2020 of 28 July 2020, ARERA approved the 2G SMS from 1 January 2021 and admitted relevant investments (for specific recognition of capital costs) regarding the 2G SMS from the same date.

As of 31 December 2023, installations completed totalled around 140 concentrators - meaning the perimeter of activity was substantially achieved - as well as around 32,144 kilometres, with continued delays with respect to the goals set in the RARI, already noted in previous quarters.

### Network diagnostics and monitoring project

The project is divided into the following four main lines of action:

#### (1) Primary station diagnostics with UGV Drones

The project involved the development of an unmanned ground vehicle prototype for autonomous or remotely piloted inspection of primary stations ("**UGV**"). The UGV drone has sensors for detecting environmental parameters (temperature sensors, partial discharges, cameras) and sensors for moving autonomously in the environment (lidar, GPS and cameras). It executes inspection plans independently and can be remotely controlled for targeted security checks and operations. The system may also transmit inspection information to an operator located at a location other than the place of operation.

Building on the activities carried out during the previous years, during 2023 testing of the control room and new features for improved on-board sensor management resulting from the first trial was completed, and the first rounds of experimental inspections in consultation with the network were initiated.

#### (2) Substation diagnostics (CS-Plus):

The project involved testing an integrated IoT (Internet of Things) solution for remote monitoring, diagnostics and management services. In 2020, testing with various suppliers led to the consolidation of the solution and definition of specifications for the peripheral architecture side. In 2022, testing procedures for smart access control were completed. Field experimentation was also completed with the installation on the IoT solution of services for (i) access control, (ii) ambient temperature, (iii) transformer temperature, (iv) humidity and (v) flooding.

#### (3) Overhead line diagnostics

The project involved the combination of periodic analyses of satellite images, using artificial intelligence algorithms (developed to detect man-made and/or vegetation interference), and targeted inspections with drones to enable a continuous monitoring of overhead lines.

The process was found to be highly innovative both by the Politecnico di Milano university drone observatory and space economy observatory. In 2022, installation of the system continued, as did optimisation of the platform's features. The project was also presented by ARETI to a conference of the Drone Observatory alongside Eni and Enel.

During 2022, the first experimental flight was carried out through the so called "beyond visual line of sight" technology. The experiment, which involved Enac and Anav, provided for a remotely controlled flight beyond the visual line of sight in the Marcigliana area. The trial aims to enable new remote and automated inspection methodologies on overhead power lines in non-highly populated settings.

#### (4) Public Lighting monitoring

The project call for the launch of two trials to verify the possibility of identifying lighting points in the territory and thereby determine the accuracy of the GSI database, identifying the presence of lighting points through the use of new technology.

- **Satellite Analysis Trial:** utilises IA analysis of daytime and night-time satellite images to identify the correct census of lighting points and their lighting status.
- **Video Rounds Trial:** utilises the detection of the correct census of lighting points and their lighting status through night rounds carried out by vehicles equipped with cameras and post-processing of the images using IA.

During 2022, the Satellite Analysis Trial was completed, confirming the efficacy of the solution to obtain a correct census of all lighting points. However, this solution was found not to be suitable for identifying turned off lighting points.

#### *Primary station automation project*

The main objective of the project is to define a new architecture for the command and control protection system of the primary station, oriented towards the reduction/simplification of low voltage wiring, the use of standard protocols developed for communication between the equipment in the field and the command and control protection system, as well as towards the remote control system.

In addition, in the Collantina site a laboratory was set up to verify communication between the peripheral apparatus and the new Enel unified digital protection devices. Tests did not give satisfactory results and evaluation is underway of alternative methods to achieve the indicated functions.

#### *Development of Areti telecommunications network*

Acea's telecommunications network project consists of a high-speed and high-reliability fibre-optic network that links all primary stations. These represent the main backbone of the network from which all smart-grid services will be launched.

This network structure ensures security and reliability in the transmission of information between the centre and the periphery, with the aim of allowing the proper operation of technology systems and network management systems, the remote control of equipment installed in substations and, where possible, the metering points and other types of sensors in order to convey to the central systems. Such network also allows the implementation of advanced automation for most substations, in order to significantly improve the quality of the electricity service.

As at 31 December 2023, primary substations which are linked via fibre optics are 14.

## Utility research and innovation

The Group is dedicated to providing excellent services with the aim of continually improving infrastructures as well as its management through technological innovation and digitisation.

Within this context, on 9 March 2023, Acea was awarded the "RSE Top Utility Research and Innovation" award. Acea won in the Research and Innovation category for "its ability to develop research projects that apply innovative digital and cybersecurity technologies to remote control systems of physical infrastructure, experiment with secure ICT platforms that enable widespread and small-scale users to participate in energy flexibility markets, and involve researchers, operators, manufacturers and start-ups in the process of technological innovation".

## GENERATION

The Group operates in the electricity generation area, mainly through hydropower, thermal and photovoltaic energy generation plants. The Group also produces electricity through cogeneration plants, all located in the Lazio region.

In 2023 revenues from the Generation business segment amounted to Euro 130.8 million, with a decrease equal to Euro 44.4 million (25.3 per cent.) as compared with the previous year (Euro 175.3 million).

The table below shows the contribution to revenues, operating and personnel costs and EBITDA of the Group's Generation business segment for the financial years ended 31 December 2023 and 31 December 2022.

Generation	Year ended 31 December	
	2023	2022
	<i>millions of euro</i>	
Revenues .....	130.8	175.3
Costs.....	77.0	85.4
<b>Gross Operating Profit (EBITDA)</b>	<b>53.9</b>	<b>89.8</b>

EBITDA at 31 December 2023 was equal to Euro 53.9 million, a decrease of Euro 35.9 million compared to 31 December 2022, mainly due to Acea Produzione S.p.A. ("**Acea Produzione**"), as a result of the lower margins, which suffered from the significant reduction in the energy market prices (the average day-ahead-market price in 2023 was € 126/MWh compared to € 298/MWh in 2022), in part offset by greater quantities of energy produced by hydroelectric power plants (+89 GWh).

## Energy Generation and Cogeneration

The Issuer operates in the electricity generation area mainly through Acea Produzione S.p.A. ("**AP**"), a subsidiary owned 100 per cent. by the Issuer, carrying out the activities of power generation and cogeneration (district heating).

The production system of AP currently consists of a series of generation plants with total installed capacity of 229.2 MW, composed of five hydroelectric plants (three located in Lazio, one in Umbria and one in Abruzzo), fifty-two photovoltaic plants (with installed capacity of 3.1 MWp), two "mini hydro" plants, Cecchina and Madonna del Rosario, two thermoelectric

power stations, Montemartini and Tor di Valle, the latter consisting of a modern high-efficiency cogeneration plant, replacing the previous combined cycle plant.

In 2023, AP invested Euro 8.3 million for the upgrading and maintenance of the mentioned hydroelectric plants, the extension and restoration of the district heating grid, as well as for maintenance works required for the Tor di Valle power plant the Montemartini power station.

Tor di Valle's thermoelectric power station consists of three high-efficiency methane gas powered engines (the last one was launched for commercial operation on 9 July 2021), each with an electrical power of 9.5 MW, for a total of 28.5 MW, as well as three additional boilers and 6 storage tanks. In the current configuration, in addition to selling electricity to the market during the most profitable hours, the plant provides for electricity in SEU to the total electricity users of the adjoining Rome South Treatment Plant and the thermal energy necessary for the supply of district heating service in the districts of Torrino Sud, Mostacciano and Mezzocammino in the Municipality of Rome. The plant allows the Company to meet its commitments under the capacity market auction award during the 2022 - 2037 period.

AP is proceeding with the authorisation process for the installation of 2 new cogeneration units, with a capacity of 1.5 MW each, which will be powered by the biogas coming from the treatment plant located in the south of Rome and will produce electricity to be fed into the grid and thermal energy that will be supplied to the treatment plant and partly fed into the district heating grid.

In 2023, AP generated a volume of 442.4 GWh through the directly owned power plants. During the period, AP's production was subdivided into hydroelectric plant production of 415.7 GWh, production from mini-hydro plants of 3.2 GWh, thermoelectric production of 103.3 GWh and photovoltaic production of 3.6 GWh. AP's production mix is mainly from renewable sources with "green" production, representing approximately 81% of the total. In addition, about 60% of total production is incentivised following investments in hydroelectric power plants or participation in the "feed-in tariff" scheme for the photovoltaic segment.

With regard to district heating, AP, through the cogeneration module of the Tor di Valle power plant, supplied heat to the Torrino Sud and Mostacciano districts (located in the south of Rome) for a total of 59.4 GWh, for a total of 3,665 utilities served.

The ACEA Group operates in the energy generation and cogeneration business segment through two companies, wholly owned (indirectly) by Acea, operating in the photovoltaic sector: Acea Solar S.r.l. ("**Acea Solar**"), for the development of greenfield projects, and Acea Sun Capital S.r.l., for the acquisition of existing photovoltaic plants.

In line with the Previous Business Plan, the Group has acquired companies in the photovoltaic market during the period 2019 - 2021. As at 30 December 2021, 18 companies were acquired for a total installed capacity of approximately 62 MW. In addition to such acquisitions, two new companies, Acea Green and Acea Renewable, were established and several plants previously owned by Acea Produzione and Acea Solar were transferred to them.

At the end of 2021, ACEA and Equitix signed an agreement regulating the acquisition by Equitix of a 60% stake in a newly established company, in which a portfolio of photovoltaic plants owned by Acea Sun Capital and Acea Solar with total installed capacity of 105 MW, including 46 MW qualifying for various feed-in tariffs and 59 MW represented by newly built plants already connected or in the process of being connected to the national grid are to be transferred. On 22 March 2022, closing of such transaction was perfected.

During 2023, Acea Solar invested Euro 29.9 million to construct photovoltaic systems both on agricultural and industrial land.

## **Ecogena**

As a result of the total spin-off of ACEA RSE on 30 December 2015, Ecogena S.p.A. ("**Ecogena**") is a wholly-owned subsidiary of AP.

The operational management of Ecogena mainly focuses on three areas: (i) the consulting in the Esco sector and the provision of services related to the increase in the energy efficiency of third parties (inside or outside of the ACEA Group); (ii) the supply of energy services through the management of cogeneration (or trigeneration) plants and district heating networks and the sale of energy produced to customers; and (iii) the coordination of the Group companies with regard to energy-efficiency projects.

The Ecogena's production system is made up of a set of cogeneration plants, combined with district heating networks, for a total of 1.9 MW of installed capacity in Lazio.

As at 31 December 2023, Ecogena achieved a production volume of approximately 9.1 GWh (electricity), 14.6 GWh (thermal) and 10.6 GWh of refrigeration.

On behalf of Acea Innovation, Ecogena performed activities regarding services for design and permissions of 16 lots of the ACEA Group mobility plan, which are splitted in different waves:

- Wave 1 (W1) – Lotto 1-5;
- Wave 2 (W2) – Lotto 6 – 13;
- Wave 3 (W3) – Lotto 14 – 16.

Following approval of the commercial offer and preparation of the contact, Ecogena delivered plans for charging infrastructure to the competent Department of the Municipality of Rome.

Regarding the W1, with the determination of 11 November 2020, the Mobility Department approved 115 charging stations (WAVE I).

The Services Conference (*Conferenza di Servizi*) was followed by the preparation of requests for excavations licences for the 87 systems approved in the first phase, which will be followed by requests for licences for other 19 systems in the initial months of 2021. To 2023, Ecogena obtained 97 excavations licenses and completed 91 installations of charging infrastructures.

Regarding the W2, with the determination of 26 May 2021, the Mobility Department approved 182 charging stations (WAVE II).

The Services Conference (*Conferenza di Servizi*) was followed by the preparation of requests for excavations licences for the 92 systems approved. Until 2023, Ecogena obtained 87 excavations licenses and completed 86 installations of charging infrastructures.

Ecogena also set up the activities related to the charging infrastructure for 13 sites (Wave II) spread over the territories of two municipalities in the province of Rome (Velletri and Castel Gandolfo).

Regarding the W3, with the determination of 18 May 2022, the Mobility Department approved 51 charging stations (WAVE III).

The Services Conference (*Conferenza di Servizi*) was followed by the preparation of requests for excavations licences for the 51 systems approved. Until 2023, Ecogena obtained 27 excavations licenses and completed 23 installations of charging infrastructures. With reference to the cogeneration sector, in November 2023, the 2 MW cogeneration plant serving Mondorevive S.p.A. was completed and started up.

Preliminary checks are underway on other industrial projects, as well as other preparatory activities for the evaluation of opportunities in the field of photovoltaic and cogeneration, which involve the construction of plants in ESCO mode, with the provision of energy services to end customers.

## COMMERCIAL AND TRADING

The Issuer operates in the Commercial and Trading business segment through the following main subsidiaries:

- Acea Energia, a wholly-owned subsidiary, carrying out the activities of sales of electricity and gas and related services to final users and, after the merger with Acea Energia Holding S.p.A. ("AEH") in 2014, also the activities of trading energy, gas and heat in the domestic and international market;
- Acea Energy Management S.r.l. ("AEMA"), a wholly-owned subsidiary established on 16 October 2015 whose corporate purpose is the supply of electricity, gas and fuel to the customers of the Group, as well as the management and optimisation of the energy portfolio. AEMA handles the commercial relations with the main national and foreign suppliers of electricity and gas and oversees the management of energy consumption levels;
- Acea Innovation S.r.l. ("AI"), a wholly-owned subsidiary focused on a new energy business, based on (i) e-mobility, through the installation and management of charging infrastructures and the provision of related services, (ii) energy efficiency, through the design and execution of energy efficiency projects for houses/condominiums and for B2B clients, (iii) smart compost, through the installation and management of innovative circular economy solutions for organic waste treatment via composting.

In 2023, revenues from the Commercial and Trading business segment amounted to Euro 2,483.0 million, with a decrease equal to Euro 676,700.00 (21.4 per cent.) as compared with the previous year (Euro 3,159.7 million).

The table below shows the contribution to revenues, operating costs and personnel costs, and EBITDA of the Group's Commercial and Trading business segment for the financial years ended on 31 December 2023 and 31 December 2022.

Commercial and Trading	Year ended 31 December	
	2023	2022
	<i>millions of euro</i>	
Revenues .....	2,483.0	3,159.7
Costs.....	2,353.7	3,069.7
<b>Gross Operating Profit (EBITDA)</b>	<b>129.3</b>	<b>90</b>



The Commercial and Trading business segment, responsible for the management and development of electricity and gas sales and related customer relationship activities, as well as the Group's energy management policies, closed 2023 with an EBITDA of Euro 129.3 million, an increase of Euro 39.3 million compared to 2022. The increase is mainly attributable to Acea Energia, as a result of the net improvement in the Energy and Gas margin (+ Euro 24.7 million), lower operating costs (Euro 4.4 million) and greater revenues from penalties (Euro 2.0 million). AI also contributed to the increase in this area (generating + Euro 6.8 million) as a result of higher margins on e-mobility, smart services and smart comp activities.

## Energy Management

AE carries out the energy management activities for the Group, in particular with respect to sale and production.

AE may act directly as the contractor, pursuant to art. 7 of Legislative Decree No. 50 of 18 April 2016, under the relevant supply contracts from affiliate companies belonging to the Group which were also the contracting entities.

The company also liaises with the energy market operator ("**GME**", "**Market Operator**" or "**Gestore del Mercato**") and with Terna S.p.A. ("**Terna**"). In relation to Terna, AE is the shipper for dispatching on behalf of AP and other companies in the ACEA Group.

It performs the following main activities:

- the optimisation and assignment of electricity produced by the Tor di Valle and Montemartini thermoelectric plants and by the S. Angelo hydroelectric plant;
- the negotiation of fuel procurement contracts for the power generating plants for Tor di Valle plant;
- the supply of natural gas and electricity for the sales companies of the Group to end customers; and
- the optimisation of the electricity and energy procurement portfolios, as well as the management of the risk profile of the Energy area companies.

In 2023, Acea Energia purchased electricity from the market for a total of 7,047 GWh, of which 5,119 GWh through bilateral contracts and 1,928 GWh through the power exchange, in order to resell it to end customers of the free market and to optimise the energy flows and the purchasing portfolio.

## Electricity and gas sales

As far as the commercial market is concerned, the retail portfolio continues to grow and the quality of service improved.

In 2023, AE sold electricity on the standard-offer market for a total of 1,017 GWh, with a - 27% reduction on a trend basis. The number of withdrawal points totalled on average 544,104 (661,231 in 2022). The sale of electricity on the free market amounted to 5,369GWh for Acea Energia and 403GWh for Umbria Energy S.p.A., for a total of 5,772 GWh, with a decrease

compared to last year of -9%. The average number of withdrawal points in 2023 totalled 661,291 (502,403 at 31 December 2022).

In addition, Acea Energia and the other sales companies of the Group sold 199 million Sm<sup>3</sup> of gas to end customers and wholesalers, which involved average re-delivery points 276,578 (compared to 233,101 re-delivery points in 2022).

Until 5 December 2023, AE operated in local markets through the following joint ventures:

- ***Umbria Energy S.p.A. ("UE")***, which operates in Umbria, was set up on 24 September 2004 as a joint venture between ASM Terni S.p.A. and AE, with each shareholder holding 50 per cent.
- ***Cesap Vendita Gas S.r.l. ("CVG")***. As part of the restructuring of the investment in the Sin(e)rgia Group, in February 2015 UE took over 100 per cent. of CVG through a capital increase by contribution in kind of UE's credit with CVG. This investment was previously held by Si(e)nergy S.p.A. in liquidation.

On 5 December 2023, CVG merged with UE, with the merger having effects retroactive to 1 January 2023.

## ENVIRONMENT

The Environment business segment coordinates the activities of the Group companies operating in the areas of waste management and waste-to-energy conversion. The Group operates in such areas in Umbria, Lazio, Tuscany, Marche, Valle d'Aosta, Abruzzo, Veneto and Piemonte. The overall amount of waste treated in 2023 was approximately of 1.800 kTon, with an increase of 85 kTon (5 per cent.), compared to the previous year (approximately 1,715 kTon). The total amount of electricity sold in 2023 was approximately of 370.5 GWh, with an increase of 48.5 GWh (15 per cent.) compared to the previous year (approximately 322 GWh).

In 2023, revenues from the Environment business segment amounted to Euro 334.3 million, with a decrease of Euro 8.1 million (2.4 per cent.) compared to the previous year (Euro 342.4 million).

The table below shows the contribution to revenues, operating costs and personnel costs and EBITDA of the Group's Environment business segment for the financial years ended 31 December 2023 and 31 December 2022.

Environment	Year ended 31 December	
	2023	2022
	<i>millions of euro</i>	
Revenues.....	334.3	342.4
Costs.....	249.9	240.8
<b>Gross Operating Profit (EBITDA)</b>	<b>84.4</b>	<b>101.6</b>

The main Group companies operating within the Environment business segment include Acea Ambiente S.r.l. ("**ACEA Ambiente**") and companies within the waste transport, disposal, treatment, recycling, recovery of waste and recovery of material (end of waste), each described below.

## **Acea Ambiente**

ACEA's wholly-owned subsidiary ACEA Ambiente is engaged in the management of waste treatment plants of solid and liquid wastes, non-dangerous and dangerous, the recovery, recycling and disposal of solid urban and special waste, recovery of material from waste (end of waste) and renewable electricity production, as well as in the direct management of assets contributed by its plants. The company has electricity vending relations with AE to which it transfers volumes of energy produced by the three lines of the San Vittore plant and by the line of the Terni plant, the state-owned company which promotes and supports renewable energy sources.

Moreover, with the aim of significantly boosting business within this segment, overcoming the fragmentation and redundancy of the structures dealing with strategic processes (in particular, trade development), business and staff and enabling a greater focus on the activities covered by the strategic plan, the following strategic transactions were carried out:

### ***Terni waste-to-energy plant***

The waste-to-energy plant located in Terni produces electricity from renewable sources and operates specifically in a pulper paper mill waste to energy plant.

The waste pulper contributions allowed the plant to meet the combustible requirements for the entire year and reach expected performance levels as regards both waste pre-treatment and the production of electricity. This will continue until the anticipated start date of the flue gas line revamping works for adaptation to the BAT conclusions for incineration plants. The revamping works are expected to be completed by the first half of 2024. Once fully operational, the plant will require the implementation of a new monitoring and control plan and adherence to new emission limit values.

In 2023, the contractual planning for the delivery of pulper waste guaranteed the fuel requirements for the entire period.

### ***Paliano Site***

The Paliano site, located within the SIN (Site of National Interest for the remediation of contaminated sites) of the Sacco river basin and unproductive since 2012, is undergoing environmental redevelopment to prepare the area for new initiatives.

The Company submitted the "*ex lege*" characterization plan to MASE, which was approved by Decree No. 557 on December 11, 2017. In the following years, the Company continued to present the Characterization Plan and addressed the Authorities' requests to conclude the requalification process.

### ***San Vittore del Lazio waste-to-energy plant (UL 3)***

The San Vittore del Lazio waste-to-energy plant also produces electricity from renewable sources, specifically from CSS (Secondary Solid Fuel) produced by treating urban waste from the Lazio Region. The electricity sold to the grid is valued at market rates, with only the electricity sold by line 1 benefiting from the RES incentive Ministerial Decree dated 06 July 2012, recognized for the portion attributable to the biodegradable fraction of waste.

During 2023, lines 1, 2, and 3 operated smoothly in terms of operating hours. Additionally, the San Vittore del Lazio plants were involved in optimization and revamping projects.

As of the date of this Base Prospectus, the San Vittore plant is the only waste-to-energy plant on a regional scale, representing a strategic terminal for the waste management chain.

The waste-to-energy plant holds an Integrated Environmental Authorization valid until 24 July 2029.

Following the submission of an application on 7 August 2020, for the construction of the fourth line, the Lazio Region issued the following authorization measures:

- D.D. No. G09041 of July 12, 2022: Positive Environmental Impact Assessment
- D.D. No. G14621 of October 26, 2022: Integrated Environmental Authorization
- D.D. No. G14844 of October 28, 2022: Single Regional Authorization Measure

Once these authorization measures were obtained, a public tender was held for the design and construction of the work. The contract was awarded to the economic operator, pre-construction phases were implemented, and the executive design phase began.

Finally, on 4 July 2023, a request for review was submitted for the renewal of the Integrated Environmental Authorization for the existing lines, to comply with the sector's BAT requirements.

Regarding regulatory aspects, there is no indication from the Lazio Region concerning the provisions of the recent ARERA resolution 7/2024 for the application of the MTR2 method for the period 2024-2025.

### ***Aprilia recovery plant***

The plant is authorized to operate with an Integrated Environmental Authorization issued by the Lazio Region, under D.D. No. G00101 dated January 12, 2021, expiring on 12 January 2033.

During the reference period, the plant faced operational difficulties, resulting in technical and economic outcomes that deviated from the budget. In addition to various anomalies and breakdowns that slowed down the system's operation, extraordinary maintenance was also required on the evaporation compartment.

In light of the recent Energy Decree, which allows the conversion of FORSU plants to the incentive mechanism of the 2022 biomethane decree, the project prepared in 2021 is being re-evaluated. It should be noted that a request for a Substantial Modification of the AIA was submitted. Current evaluations are focused on the "sustainability" of biomethane (a necessary condition for eligibility for incentives) and its profitability.

Regarding regulatory aspects, there is no indication from the Lazio Region concerning the provisions of the recent ARERA resolution 7/2024 for the application of the MTR2 method for the period 2024-2025.

### ***Monterotondo Marittimo plant***

The Monterotondo Marittimo composting and anaerobic digestion plant operates under an Integrated Environmental Authorization issued by the Tuscany Region, Decree No. 15895 dated 15 September 2021, expiring in 2037.

During the reporting period, the plant operated continuously, with only the usual anomalies expected in a facility of this size and complexity. Both the flows of FORSU and sludge are in line with budget forecasts, although the average transfer rate remains very low.

### ***Site located in Sabaudia***

The Sabaudia composting and liquid waste treatment plant is currently not operational. The temporary suspension of contributions has been in effect since 31 October 2019.

### ***Bioecologia Chiusi Plant***

The plant located in Le Biffe, Municipality of Chiusi, is authorized to treat liquid waste based on the Integrated Environmental Authorization issued by Managerial Decree No. 16494 on 18 August 2022. This authorization is valid until 18 August 2034, for a maximum capacity of 99,900 tons per year.

In 2023, the liquid waste reception service was never interrupted, and the plant also ensured the continued operation of the urban wastewater purification service for the Municipality of Chiusi.

### ***Polo CIRSU (waste disposal plant)***

On 28 June 2022, Acea Ambiente was awarded the so-called "CIRSU hub" business unit, intended for the delivery, treatment, recovery, and disposal of municipal solid waste. This unit is equipped with integrated environmental authorizations and consists of movable and immovable property, plants, and landfills, located in Notaresco (TE) and Casette di Grasciano. It was put up for sale by the Court of Teramo as part of the bankruptcy procedure R.F. No. 91/2015.

The business unit includes the "Grasciano 1" landfill, which is completely depleted in its authorized volumes, and the new "Grasciano 2" landfill, consisting of a first lot of 234,000 cubic meters and a second lot to be built, with an authorized volume of 246,000 cubic meters. It also comprises a composting plant and a platform for the valorization of waste from separate collection and durable goods.

The operational management of the site is carried out through the subsidiary DECO.

### **Acquaser - transport and recovery of treatment sludge activities**

All the activities of transport and recovery of treatment sludge were previously carried out by Acquaser S.r.l., Kyklos S.r.l., Solemme S.p.A. (from 1 July 2015, the merger of S.A.MA.CE. S.r.l. into Solemme S.p.A. came into effect) and Isa S.r.l. Until the end of 2015, such companies were called the "Acquaser Group". Since 2016, due to the corporate reorganisation described above, the quota and shares in these companies belong to Acquaser (ISA) and ACEA Ambiente (Kyklos S.r.l. and Solemme S.p.A.).

The composting plants in the Industrial Area, through the treatment of sewage sludge from the Group's integrated water operators, allow significant synergies between the Group's companies operating in the environmental sector and those in the water sector.

The integrated water operators, which are required by law to dispose of sewage sludge that is produced at the end of the water cycle process, can reduce the costs of such disposal by

transferring their final waste to specialised environmental facilities instead of disposing of them in landfills or at other sites outside the Group. At the same time, the environmental companies benefit from a continuous and consolidated supply of organic waste to be converted into marketable products.

AQUASER S.r.l. ("**AQUASER**") was set up in order to manage ancillary services associated with the integrated water services, undertaking the recovery and disposal of sludge from biological treatment and waste produced from water treatment, treating effluent and liquid waste, and providing services connected thereto.

AQUASER currently transports and recovers sludge for most of the water companies in the ACEA Group. The location of the plants is important: one in Lazio (i.e. Acea Ambiente's Aprilia plant), which process the sludge transferred under the contract with ACEA ATO 2 and ACEA ATO 5, and one in Tuscany near Grosseto (Acea Ambiente's Monterotondo Marittimo plant), which processes the sludge transferred under the contracts with companies operating in Tuscany and Umbria, resulting in a reduction of transportation costs.

Starting from 2022, the AQUASER began planning services for customers mainly consisting of Integrated Water Service managers within the Acea Group, on the basis of contracts governing relations between the parties, most of which multi-year.

### ***Orvieto Ambiente S.r.l. plant***

Orvieto Ambiente S.r.l. was established from the demerger of Acea Ambiente S.r.l.'s business unit on 21 February 2023, as part of a development policy for municipal services in the province of Terni.

On 6 December 2022, Acea S.p.A. won a public tender launched by ASM Terni S.p.A. on 7 May 2021. The tender aimed to identify an economic operator (industrial partner) to strengthen and expand ASM Terni's strategic development lines. Acea S.p.A. participated in the tender on its own behalf and on behalf of several group companies, including Acea Ambiente.

Orvieto Ambiente S.r.l. is responsible for managing the composting plant, the mechanical waste sorting plant, and the Orvieto landfill, including all assets and relationships related to the Orvieto site. Acea Ambiente S.r.l. holds 80% of Orvieto Ambiente's shares and oversees its guidance and coordination activities, while ASM Terni S.p.A. holds the remaining 20%.

The landfill facility, located in the municipality of Orvieto, manages both urban and special waste. The site includes a landfill for non-hazardous waste, currently in operation, and a mechanical biological treatment plant for undifferentiated and organic waste from separate waste collection. The plant operates under the Integrated Environmental Authorization D.D. No. 5797, issued on 9 June 2022.

In 2023, the company completed a major upgrade of its recovery processes for composting purposes.

The applicable tariff system for Orvieto Ambiente is yet to be defined, given the uncertainties related to the regulatory system managed by ARERA.

### ***Acque Industriali S.r.l.***

Acque Industriali S.r.l. ("**Acque Industriali**"), through the management of specific platforms, provides intermediation and liquid waste treatment services to private companies operating both regionally and nationally.

In 2023, the liquid waste treatment activity underwent significant transition. The evolving regulatory and prescriptive landscape in environmental matters, alongside intensified monitoring and control of discharges from waste treatment plants, and the outdated condition of the facilities, necessitate a comprehensive review of the business's management and development strategies. This situation underscores the urgent need for radical rationalization and simplification of the current plant fleet.

Acque Industriali's facilities are designed solely for purifying pre-treatments using chemical-physical processes and lack a biological treatment section. Consequently, these facilities must benefit from discharge authorizations with exemptions on several parameters specified in Table 3 of Annex 5 of Part III of Legislative Decree 152/06.

For the Pagnana liquid waste treatment platform, the only one operational in 2023, an authorization review of the AIA is underway to incorporate the BAT applicable to waste treatment plants and obtain the necessary authorization for site redevelopment interventions. Due to these ongoing processes, the platform could not handle its entire nominal authorized waste quantity in 2023, leading to the suspension of delivery activities in 2024 until the site is redeveloped.

To mitigate the challenges associated with managing liquid waste treatment platforms, the Company has intensified waste intermediation activities and the management of third-party industrial wastewater purification plants. The management of the third-party plant in Pontedera continued smoothly, and the process to obtain the AIA for the chemical-physical plant serving the customer's industrial site is underway. Pre-contractual discussions with the same customer are ongoing, aiming at the long-term management of the site, which would enable Acque Industriali to implement appropriate technical and management interventions.

Additionally, the partners of Acque Industriali are considering the need to rationalize operational activities through the separation of the Company's three business units. Specifically, Business Unit 1, responsible for waste treatment activities on its own account, would be transferred to Acque S.p.A, the current 49% shareholder. Meanwhile, the other two Business Units, which handle waste intermediation and plant management activities on behalf of third parties, would remain under the control of Acea Ambiente, the current 51% shareholder.

### ***Iseco***

ACEA acquired ISECO S.p.A. ("**Iseco**") as part of the acquisition of the TWS Group (Technologies for Water Services).

It has been operating since 1987 in the sector of water services and in the production of whey powder, dealing with the executive design, construction and management of industrial ecological plants, also with complex technology and public service, and managing the plant for drying of whey from Saint Marcel, in the Valle d'Aosta region.

Iseco also operates in the milk-dairy business, whose main activities consist in the production of milk powder, the sale of the related products for zootechnical and food use and the processing of seroderivatives on behalf of third parties.

### ***Demap S.r.l.***

Demap S.r.l., wholly owned by Acea Ambiente, operates in the field of sorting plastic packaging collected from urban waste ("**Demap**"). It is one of approximately 30 selection centers affiliated with the "COREPLA" consortium, responsible for meeting recycling and recovery targets for plastic packaging.

The separate collection of plastic packaging is governed at the national level by a framework agreement between Anci and Conai, along with technical annexes between Anci and individual supply chain consortia. These agreements stipulate that collection can be sent to sorting centers either selectively (for single-material collection) or jointly (for multi-material collection). Starting from January 2020, under precautionary provision no. 27961 published by the Competition and Market Authority, and subsequent agreements, Demap, like other selection centers, also conducts sorting activities on behalf of the Coripet Consortium.

Demap operates in compliance with current legislation and is authorized under Legislative Decree 152/06, with the procedure issued by the Province of Turin (No. 1525 of May 5, 2020 as amended with procedure no. DD507 of 11 February 2022). Following an accident in December 2021, the company's operations were impacted in 2023, leading to reduced plant availability and manageable volumes due to space constraints for storing plastic material awaiting sorting.

### ***Berg S.p.A.***

Berg S.p.A., in which Acea acquired an equity interest of 60% on 18 October 2019 ("**Berg**"), operates in the environmental services sector and in particular in the treatment of liquid and solid waste.

Berg carries out its activities at the Frosinone plant, managing the storage and treatment of hazardous and non-hazardous liquid and solid waste. In terms of authorisation, the plant has an Integrated Environmental Authorisation issued by the Lazio Region with Executive Resolution B0201/09 of 30 January 2009, expiring on 30 January 2025.

### ***Ferrocart S.r.l. and Cavallari S.r.l.***

Ferrocart S.r.l. ("**Ferrocart**") and Cavallari S.r.l. are two companies operating in the waste sorting and material recovery sectors.

Starting from 22 April 2020, Ferrocart is subject to the management and control of Acea S.p.A. through Acea Ambiente, which originally held 60% of the shares. Ferrocart is located within the "Recycling" industrial chain of Acea Ambiente S.r.l. and the "Environment" business of the "Acea" group.

On 6 December 2022, Acea S.p.A., acting on its own behalf and on behalf of certain other group companies, including Acea Ambiente, was awarded a public tender launched on 7 May 2021, by ASM Terni S.p.A. This tender aimed to identify an economic operator (industrial partner) to strengthen and expand ASM Terni S.p.A.'s strategic development lines. As a result of this tender, Acea S.p.A. transferred its stake in the share capital of Ferrocart, amounting to 60% of the total shares, to ASM Terni S.p.A. Consequently, following this transaction, ASM Terni S.p.A. now holds a 60% stake in the share capital of Ferrocart, while Mr. Paolo Amadei retains a 40% stake. Nonetheless, Ferrocart remains subject to the management and control of Acea S.p.A.



### ***Deco S.p.A. and Ecologica Sangro S.r.l.***

Deco S.p.A. ("**Deco**") operates in the waste sector in Abruzzo and is engaged in the design, construction and management of plants for the treatment, disposal and recovery of municipal solid waste and plants for energy recovery from renewable sources. The scope of the business includes: a Mechanical-Biological Treatment (MBT) plant with an authorised capacity of 270,000 tonnes/year, a photovoltaic plant, a biogas plant and two disposal plants. The company also holds 100% of Ecologica Sangro S.p.A., a company operating in Abruzzo in the sector of integrated management of solid urban waste. On 23 January 2023, Acea acquired the remaining 35% of Deco's share capital, in which it already held a 65% stake.

### ***Meg S.r.l.***

Based in San Giovanni Ilarione, in the province of Verona, Meg S.r.l. ("**Meg**") operates in the plastic recycling sector, a downstream segment compared to post-consumer plastic sorting, where ACEA is already active through Demap and Cavallari.

Meg operates in compliance with current legislation and holds authorization under Legislative Decree 152/06, issued by the Province of Verona with Determination no. 3881 dated 30 December 2021. This determination updates and replaces Determination no. 3604/19 dated 20 November 2019, which was subsequently transferred with Resolution no. 31/20 dated 5 May 2020. On 30 May 2023, the company entered into a business branch rental agreement with DRV, effective 14 August 2023, for the management of a lightweight multi-material sorting plant located in Torretta di Legnago.

The contract has a duration of 36 months from the date of execution, with an option for automatic renewal for an additional 24 months. Additionally, the company specializes in designing and constructing sorting and recycling systems, regularly performing maintenance activities on these systems for various clients, particularly in central and northern Italy.

### ***S.E.R. plast S.r.l.***

S.E.R. PLAST S.r.l. was established in 2007 with the purpose of recovering non-hazardous waste and producing plastic materials through the recycling and processing of scraps from other companies' production processes. On 8 February 2022, Acea Ambiente acquired 70% of the company's share capital. The company's registered office and production headquarters are located in Cellino Attanasio, Contrada Stampalone. At this facility, S.E.R. PLAST engages in the recovery of plastic materials such as fibers, fabrics, films, or molded pieces, aiming to produce secondary raw materials compliant with UNIPLAST-UNI 10667 specifications. Positioned downstream of waste sorting and recycling plants, the company focuses on generating secondary raw materials from waste.

### ***A.S. Recycling S.r.l.***

On 22 December 2021, Acea Ambiente acquired 90% of A.S. Recycling, a company that is currently inactive but which will become a Corepla affiliated centre for secondary plastic SRF recycling (Breakdown of plastics into the various polymer categories for sorting). The company is located in Cittaducale (province of Rieti).

### ***Tecnoservizi***

Tecnoservizi S.r.l. operates in the waste treatment area, and more precisely in the segment of services for the collection, transport and recovery of differentiated and undifferentiated waste.

Such business represents, since more than 25 years, a stable and consolidated reference in the delicate infrastructural system of the urban and special waste cycle of the Lazio Region, being a platform for the main supply chain consortia. In particular, Tecnoservizi carries out its activity in the sector of recovery and recycling of industrial, civil, hospital (liquid and solid), urban and special waste; the waste managed is mainly pertains to construction, sanitary waste, paper, multi-material, wood, metals and bulky waste.

Tecnoservizi's clients include both public and private clients.

## ENGINEERING AND INFRASTRUCTURE PROJECTS

The Engineering and Infrastructure Projects business segment of the Group has a developed know-how in the design, construction and management of integrated water systems and develops research projects aimed to the technological innovation in the water, environmental and energy sectors. Particular importance is dedicated to laboratory services (analytical controls) and engineering consultancy.

In 2023, revenues from the Engineering and Infrastructure Projects business segment amounted to Euro 115.6 million, with a decrease of Euro 2.0 million (1.7 per cent.) compared to the previous year (Euro 117.6 million).

The table below shows the contribution to revenues, operating and personnel costs, Income from equity investments and EBITDA of the Group's Engineering and Infrastructure Projects business segment for the financial years ended on 31 December 2023 and 31 December 2022.

Engineering and Infrastructure Projects	Year ended 31 December	
	2023	2022
	<i>millions of euro</i>	
Revenues	115.6	117.6
Costs	105.7	104.4
<b>Gross Operating Profit (EBITDA)</b>	<b>9.9</b>	<b>13.2</b>

Acea Infrastructure S.p.A. ("**Acea Infrastructure**"), previously called Acea Elabiori S.p.A., is ACEA's wholly-owned subsidiary within the Group principally responsible for undertaking research and development projects. Acea Infrastructure provides engineering, laboratory, research and innovation services in the sectors of the water, waste and energy cycle, across all the areas of interest of the Group.

The activities carried out concern the various fields of technical-managerial interest, which include analytical checks on the integrated water and waste cycle, protection and optimisation of the use of water resources, design and construction of works for the integrated water service and for treatment – disposal – energy recovery from waste and for the production of hydroelectric and thermoelectric energy.

### Laboratory activities

The laboratory offers analytical services on the various environmental matrices connected with the prescriptions dictated by relevant regulations.

In 2023, as part of the analytical activities carried out on water intended for human consumption, analytical services were performed on 10,607 samples and 363,601 analyses were carried out against the 10,671 samples and 395,162 analyses for 2022.

With reference to the checks carried out for wastewater (sewage and treatment systems managed by Group Acea), 8,015 samples were analysed for a total of 160,862 analyses (9,150 samples and 177,311 analyses in 2022).

### **Engineering activity**

Acea Infrastructure supplies engineering services to the companies in the Water Segment, in particular ACEA ATO 2 and ACEA ATO 5.

In recent years, the company has consolidated the development of engineering activities in other Energy Infrastructure and Environment Segments of Acea as well, with the design and direction of works for the valorisation of waste and the production of hydroelectric and thermoelectric energy and related "specialist and support" activities.

In particular, Acea Infrastructure implemented the engineering segment through the internalization of the construction activities in EPC approach, in particular ACEA ATO2.

On 21 April 2023, Acea completed the acquisition of Simam S.p.A. (*Servizi Industriali Manageriali Ambientali*) ("**Simam**"), a leading company in the engineering, construction and management of water and waste treatment facilities, and in environmental interventions and remediation, with high-tech global services.

### **Research and innovation activities**

Acea Infrastructure carries out research and innovation activities in the water, environmental and energy sectors and develops technical consulting and applied research projects for the companies of the ACEA Group, aimed at technological and digital innovation, process optimisation and recovery of materials and energy with a focus on the circular economy and sustainable management, also making use of framework agreements with the scientific community and national and EU funded programmes.

The project, which has required extensive development and involved internal and external expertise from many different areas, was patented in 2020 and is in the process of being industrialised.

TWS offers a complete range of activities in the design, construction and management of plants for the management of integrated water service.

Ingegnerie Toscane S.r.l. manages the conception and development of projects aimed at the completion of works, including the design, construction supervision and safety coordination.

### **OVERSEAS**

The companies of the Overseas business segment of the Group provide integrated water services in Latin America (notably in Honduras, Dominican Republic, Colombia and Peru), serving a population of approximately 10 million people. The activities of the Overseas segment are conducted with local and international partners, including through training of staff and transfer of expertise in favour of local entrepreneurs.

In 2023, revenues from the Overseas business segment amounted to Euro 96.7 million, with an increase of Euro 1.6 million (1.7 per cent.) compared to the previous year (Euro 95.1 million).

The table below shows the contribution to revenues and operating and personnel costs of the Group's Overseas business segment for the financial years ended on 31 December 2023 and 31 December 2022.

<b>Overseas</b>	<b>Year ended 31 December</b>	
	<b>2023</b>	<b>2022</b>
	<i>millions of euro</i>	
Revenues .....	96.7	95.1
Costs.....	61.0	62.1
<b>Gross Operating Profit (EBITDA)</b>	<b>35.7</b>	<b>33</b>

The Overseas business segment currently includes companies managing water services in Latin America and ended 2023 with EBITDA of Euro 35.7 million, up by Euro 2.7 million with respect to 31 December 2022. The increase is mainly attributable to Aguas de San Pedro (+Euro 3.9 million) due to higher invoiced volumes (1.8%) as well as to a rate increase due to inflation. This increase offset the reduction recorded by Acea Dominicana (-Euro 1.2 million) following the termination of the main contract with CAASD on 30 September 2023.

The Group operates in the Overseas business segment mainly through the following companies:

- Acea International S.A. an holding company wholly-owned by the Issuer to which in April 2017 the Issuer transferred the shares of the following companies:
  - Aguas de San Pedro S.A. (Honduras) ("**Aguas de San Pedro**"), which carries out its activity with respect to customers of San Pedro Sula, managing the concession for the integrated water service. The Group holds 60.65% of the share capital of Aguas de San Pedro, which is fully consolidated;
  - Acea Dominicana S.A. (Dominican Republic) ("**Acea Dominicana**"), which provides the commercial management service to the local municipalities known as CAASD (*Corporación del Acueducto y Alcantarillado de Santo Domingo*) and CORAABO (*Corporación de Acueducto y Alcantarillado de Boca Chica*). Acea Dominicana is wholly owned by Acea.
- Consorcio Agua Azul S.A. (Peru) ("**Consorcio Agua Azul**"), which provides water and sewerage services in the city of Lima. The Group holds 44.0% of the share capital of Consorcio Agua Azul, which is fully consolidated.
- Acea Perú (Peru), which is wholly owned by Acea International S.A., was established on 28 June 2018, in order to take development opportunities in Peru. Acea Perú coordinates the activities of local consortium companies. From August 2022 the company is also incorporating the two years management contract of the waste water treatment plant PTAR Norte in the north east area of Lima.

- Consorcio ACEA, established on 15 December 2020, is controlled by Acea Perù (99%) and ACEA ATO 2 (1%). Consorcio ACEA signed a three-year contract for the management of pumping stations for drinking water in Lima.
- Consorcio Acea Lima Norte, controlled by Acea Perù (99%) and ACEA ATO2 (1%), established on 5 January 2021. Consorcio Acea Lima Norte signed a three-year contract for maintenance of the water and sewerage network in the northern zone of Lima.
- Consorcio Acea Lima Sur, controlled by Acea Perù (99%) and ACEA ATO2 (1%), established on 6 October 2021. Consorcio Acea Lima Sur signed a three-year contract for corrective maintenance of the water and sewerage network in the southern zone of Lima. The contract started in December 2021.
- Agua Azul Bogotá S.A. (Colombia), of which the Group holds 51% of the share capital and is consolidated on the basis of the equity method with effect from the 2016 financial statements as a result of a change in the composition of the Board of Directors. The company is currently in liquidation.

## STRATEGY

On 5 March 2024, the Board of Directors of Acea approved the Business Plan which supersedes the Previous Business Plan and was published on Acea's website along with a press release summarising the main elements of such Business Plan.

The Business Plan outlines substantial growth objectives, with a primary focus on three regulated sectors: water, electricity and the environmental sector. Its goal is to enhance the sustainability and resilience of Acea's infrastructure.

The Business Plan is founded on the following pillars:

- PEOPLE – incorporating principles from the newly implemented "people and participation charter" (*carta della persona e della partecipazione*), introducing new competencies, training, professional development, and enhancing corporate welfare on the following areas:
  - health;
  - mental and physical wellbeing;
  - family;
  - economic benefits;
  - work-life balance; and
  - pension.
- SYSTEMS – leveraging new technologies such as digitalisation, artificial intelligence, and robotics to bolster service quality and security. Additionally, it fosters industrial, financial, and technological partnerships to expedite the growth of regulated businesses;
- PROCESSES – restructuring processes to streamline operational management and service quality, conducting a review of purchasing practices, optimizing working capital, and strengthening the governance model. Particularly, the main actions envisaged are the following:
  - revisiting business processes through data mining in favour of higher value-added activities and better interaction between business units and functions, to improve operational management and service quality;
  - procurement review;

- optimisation of the working capital through the implementation of innovative strategies across the entire credit management and recovery chain;
- enhancing governance.

### *Business segment actions*

#### **Water**

Acea aims to strengthen its leadership position in the water segment. Leveraging its know-how and successful management of 10 million inhabitants in Italy, and according to the Business Plan, Acea foresees to undertake significant strategic projects at the national level, including doubling the Peschiera Aqueduct to secure Rome's water supply.

The Business Plan also envisages to enhance its water business in served territories by improving service levels through:

- increasing resilience of water systems;
- optimising and innovating network management;
- developing collection and treatment processes;
- streamlining the corporate structure in the water business for greater operating efficiency through a new sub-holding.

ACEA plans to implement a structured investment plan worth Euro 4.7 billion to develop high-quality and reliable infrastructures, enhancing operational efficiency in resource management. The Business Plan involves deploying innovative technologies and industrial processes to reduce water leaks, establish new water plants and sewage systems, and increase the reuse of wastewater and rainwater to address floods and droughts.

#### **Electricity**

Acea aims to enhance grid resilience and service quality by driving the energy transition through electrification and network service improvements. Within this context, the Business Plan includes:

- upgrading Rome's low-voltage network to increase resilience, available power, and hosting capacity by 800MW;
- modernizing medium and low-voltage networks for enhanced safety through advanced diagnostics, remote control, and automation;
- smart grid implementation for dynamic management, 2G smart meter-controlled delivery points, and large-scale demand response via artificial intelligence and "IoT" platforms;
- developing smart public lighting and enhancing the positioning within the commercial sector, improving performance and service levels.

#### **Engineering**

With regard to the engineering business segment, the Business Plan envisages to consolidate multiple companies into a single hub, ACEA Infrastructure, to oversee significant projects.

#### **Production**

Acea plans to increase its energy production capacity by using renewable sources to reduce the company's carbon footprint in observance of the science-based targets (the "**SBTi Targets**"). The existing solar pipeline is expected to be implemented (870 MW, of which 210 MW already authorised), also through partnerships with financial operators.

Furthermore, Acea aims to balancing internal consumption by implementing self-consumption solutions.

### *Focus on Sustainability*

In accordance with the Previous Business Plan, sustainability represents a characterising and structural element that guides the Group's business decisions and operational management.

Such focus on sustainability is reflected in the Business Plan, as Euro 5.5 billion will be allocated to investments related to areas of sustainability aligned with sustainable development goals. Particularly:

#### **WATER**

- water loss reduction, modernization, energy efficiency, digitisation;
- resilience of the aqueduct system;
- optimization of sewage-depuration sector.

#### **ELECTRICITY**

- resilience, modernization, efficiency of power grids, smart meter and innovation in a smart city logic;
- infrastructure for electric mobility;
- increase in green power generation.

#### **ENVIRONMENT**

- increase in treated waste from a circular economy perspective.

The Business Plan also envisages the pursuing of the following SBTi targets by 2032 with the aim of reducing carbon emissions.

Particularly:

- since 2020, Acea is committed to reducing the scope 1 GHG emissions by 56% per MWh by 2032;
- Acea is committed to reducing scope 1 and scope 3 GHG emissions by 56% per MWh from fuel and energy-related activities covering all sold electricity by 2032, using 2020 as the base year;
- Acea commits to reducing absolute Scope 2 GHG emissions by 32% by 2032 from a 2020 base year; and
- Acea commits to reducing absolute Scope 3 GHG emissions from the use of sold gas by 30% by 2032 from a 2020 base year.

### *Additional Strategic Opportunities*

Thanks to its solid financial and capital structure, the Group expects to be able to pursue additional strategic opportunities that will further consolidate its position in the areas where it is already present, in line with the market trends of the sector.

## **CORPORATE GOVERNANCE OF THE ISSUER**

The corporate governance rules for Italian companies whose shares are listed on the Italian Stock Exchange are set forth in the Italian Civil Code, in Legislative Decree No. 58 of 24 February 1998, as subsequently amended (*Testo Unico della Finanza*) and in the relevant CONSOB implementing regulations.

ACEA's corporate governance is implemented in accordance with Italian legal requirements and best practice, and is compliant with the model recommended by the Corporate Governance Code (*Codice di Corporate Governance*) approved in January 2020 by the Corporate Governance Committee of the Italian Stock Exchange.

ACEA has adopted a "traditional" corporate governance system consisting of the shareholders' meeting, the board of directors and the board of statutory auditors.

The auditing of ACEA's financial statements is undertaken by an independent auditing firm enrolled with the specific register provided by the law (for further details, please see "*General Information – Auditors*" below).

## Board of Directors

Pursuant to Article 15 of the Issuer's by-laws, ACEA's board of directors (the "**Board of Directors**") shall consist of a minimum of seven and a maximum of thirteen members, who shall remain in office for a period of no longer than three years, after which they may be re-elected.

ACEA's by-laws provide for a voting list system for the appointment of all members of the Board of Directors<sup>8</sup>.

The majority of the members of the Board of Directors were appointed at the ordinary shareholders' meeting held on 18 April 2023 and, with the exception of the following, will remain in office until the ordinary shareholders' meeting to be called to approve the financial statements of ACEA as of and for the year ending 31 December 2025.

In accordance with Article 15.4 of the Articles of Association, and as proposed by shareholder Suez International SA, the Yves Rannou has been appointed Director, remaining in office until the ordinary shareholders' meeting to be called to approve the financial statements of ACEA as of and for the year ending 31 December 2025. The Board of Directors, therefore, is currently composed of thirteen members, ten of whom are independent in accordance with applicable law, ACEA's by-laws and the Corporate Governance Code.

The Board of Directors has a key role in the organisational structure of ACEA and the Group as it is the body which defines the strategic objectives of the Group and monitors their implementation and progress. It is vested with all the powers provided by law and the Issuer's by-laws, including powers of ordinary and extraordinary administration.

Name	Position	Date elected
Barbara Marinali	Chairperson	18 April 2023
Fabrizio Palermo	Chief Executive Officer and General Manager	3 May 2023

<sup>8</sup> The voting lists shall be submitted at least twenty or twenty-five days, respectively, before the date set for the first annual meeting of the Board of Directors by the exiting directors or by the shareholders who alone or together with other shareholders, represent at least one per cent of the shares entitled to vote at the ordinary general meeting. No person can be a candidate in more than one list and each shareholder has the right to vote for only one list. The appointment shall proceed as follows: (i) half plus one of the directors shall be elected from the list that obtains the majority of votes; and (ii) the remaining directors shall be elected from the other lists.



<b>Name</b>	<b>Position</b>	<b>Date elected</b>
Antonella Rosa Bianchessi	Director*	18 April 2023
Alessandro Caltagirone	Director*	18 April 2023
Massimiliano Capece Minutolo del Sasso	Director*	18 April 2023
Antonio Cusimano	Director*	18 April 2023
Elisabetta Maggini	Director*	18 April 2023
Luisa Melara	Director*	18 April 2023
Angelo Piazza	Director*	18 April 2023
Alessandro Picardi	Director*	18 April 2023
Yves Rannou	Director**	12 April 2024
Patrizia Rutigliano	Director*	18 April 2023
Nathalie Tocci	Director*	18 April 2023

\*Independent non-executive director

\*\*Non-executive director

The business address of each of the members of the Board of Directors is the registered office of ACEA at Piazzale Ostiense, 2, 00154 Rome, Italy.

### **Other offices held by members of the Board of Directors**

The principal business activities and other directorships, if any, of each of the members of the Board of Directors outside the Group are summarised below.

<b>Name</b>	<b>Position</b>	<b>Company/organization</b>
Barbara Marinali	Director	Webuild S.p.A.
Fabrizio Palermo	None	None
Antonella Rosa Bianchessi	None	None
Alessandro Caltagirone	Vice Chairperson	Alborg Portland Holding A/S
		Cementir Holding N.V.
		Caltagirone Editore S.p.A.
	Director	Vianini Lavori S.p.A.
		Il Messaggero S.p.A.
		Caltagirone Sp.A.

<b>Name</b>	<b>Position</b>	<b>Company/organization</b>
		Il Gazzettino S.p.A.
		Fincal S.A.
		Società per lo sviluppo Urbano S.p.a.
	Sole Director	Finanziaria Italia 2005 S.p.A.
Massimiliano Capece del Sasso	Chairperson	Il Mattino S.p.A.
		ICAL2 S.p.A.
		Società per lo sviluppo urbano S.p.A.
		Domus Roma 15 S.r.l.
		Domus Italia S.p.A.
	Sole Director	Porto Torre S.p.A.
		Romana Partecipazioni 2005 S.r.l.
		Imprese Tipografiche Venete S.r.l.
		Servizi Italia 15 S.r.l.
	Chief Executive Officer	Energia S.p.A.
	Director	Immobiliare Caltagirone S.p.A.
		Fincal S.p.A.
		FGC S.p.A.
		Il Gazzettino S.p.A.
		Piemme S.p.A.
		Vianini S.p.A.
Antonio Cusimano	Senior Vice President,	Nexsans S.A.

<b>Name</b>	<b>Position</b>	<b>Company/organization</b>
Elisabetta Maggini	General Counsel	
	Director	Sorgente SGR S.p.A.
		Sorgente Group S.r.l.
		Consap S.p.A.
Luisa Melara		ASP Regione Lazio
	Chairperson	ANCE Roma Giovani
	Corporate legal advisor	ANCE (Ass. Naz. Costruttori Edili)
Angelo Piazza	Founding Partner	Associazione Professionale A.A.A. Low Firm
	University Professor	Università Studi di Roma Foro Italico
	Director	SAVE S.p.A.
	Director	CDP Real Asset Società di Gestione del Risparmio S.p.A.
		La Villata S.p.A.
	Chairperson Statutory Auditor	Immobiliare di Investimento e Sviluppo
Alessandro Picardi		La Villata S.p.A.
		Immobiliare di Investimento e Sviluppo
	Presidente O.d.V.	Fondazione Enrico Mattei
	Presidente O.d.V.	
	Chairperson	FinLombarda Gestioni SGR S.p.A.

<b>Name</b>	<b>Position</b>	<b>Company/organization</b>
		Nexting S.r.l.
Yves Rannou	N.A.	N.A.
Patrizia Rutigliano	None	None
Nathalie Tocci	Institute Director	Istituto Affari Internazionali (IAI)

### **Internal committees of the Board of Directors**

In accordance with the Corporate Governance Code, the Board of Directors has established the following internal committees:

- (i) the Appointments and Compensation Committee (composed of Massimiliano Capece Minutolo del Sasso (Chairperson), Angelo Piazza, Patrizia Rutigliano and Nathalie Tocci);
- (ii) the Risks and Control Committee (composed of Alessandro Picardi (Chairperson), Antonino Cusimano, Massimiliano Capece Minutolo del Sasso and Elisabetta Maggini);
- (iii) the Ethics, Sustainability and Inclusion Committee (composed of Elisabetta Maggini (Chairperson), Massimiliano Capece Minutolo Del Sasso, Antonella Rosa Bianchessi, Luisa Melara and Patrizia Rutigliano); and
- (iv) the Related Party Committee (composed of Angelo Piazza (Chairperson), Massimiliano Capece Minutolo Del Sasso and Antonella Rosa Bianchessi, Luisa Melara and Patrizia Rutigliano).

### **Officers**

The table below sets forth ACEA's current executive officers who are not members of the Board of Directors (together with their role and their respective departments) at the date of this Base Prospectus.

<b>Name</b>	<b>Position</b>	<b>Area</b>
Sabrina Di Bartolomeo	Executive	Administration, finance and control
Giuseppe Del Villano	Executive	General Counsel
Dario Michi	Executive	Investor Relations
Virman Cusenza	Executive	Communications & media relations
Claudio Mancini	Executive	People Culture & Organization
Emiliano Sorrenti	Executive	Digital & IT
Marco Ricciotti	Executive	Strategy and M&A
Pierfrancesco Latini	Executive	Risk Management, Compliance and Sustainability

<b>Name</b>	<b>Position</b>	<b>Area</b>
Giovanni Papaleo	Executive	Deputy General Manager Operations
Pier Francesco Ragni	Executive	Deputy General Manager Corporate

### **Board of Statutory Auditors**

Pursuant to Article 22 of Acea's by-laws, Acea's board of statutory auditors (the "**Board of Statutory Auditors**") is composed of three statutory auditors and two alternate auditors.

Acea's by-laws provide for a voting list system for the appointment of all members of the Board of Statutory Auditors. The members of the Board of Statutory Auditors shall be appointed according to provisions of Article 15 of Acea's By-laws concerning the appointment of the Board of Directors. The appointment procedure is as follows: (i) half plus one of the Statutory Auditors and one Alternate Statutory Auditor shall be elected from the list that obtains the majority of votes; and (ii) the remaining members shall be elected from the minority lists. The Shareholders' Meeting shall appoint the Chairman.

The Board of Statutory Auditors is vested with the supervision and control powers provided by applicable law, by the Issuer's by-laws and by the Corporate Governance Code.

The current members of the Board of Statutory Auditors were appointed by the ordinary shareholders' meeting held on 27 April 2022 and will remain in office until the ordinary shareholders' meeting to be called to approve the financial statements of the Issuer as of and for the year ending 31 December 2024.

The Board of Statutory Auditors of Acea is currently composed of the following members:

<b>Name</b>	<b>Position</b>
Maurizio Lauri	Chairperson
Claudia Capuano	Statutory Auditor
Leonardo Quagliata	Statutory Auditor
Rosina Cichello	Alternate Auditor
Vito Di Battista	Alternate Auditor

The business address of each of the members of the Board of Statutory Auditors is Piazzale Ostiense, 2, 00154 Rome, Italy.

### **Other offices held by members of the Board Statutory Auditors**

The principal business activities and other directorships, if any, of each of the members of the Board of Statutory Auditors outside the Group are summarised below.

<b>Name</b>	<b>Position/office</b>	<b>Company / organization</b>
Maurizio Lauri	Statutory Auditor	Tirreno Power S.p.A.
	Statutory Auditor	Banco BPM S.p.A.
	Chairperson of the Board of Statutory Auditor	Officine CST S.p.A
Claudia Capuano	Chairperson of the Board of Statutory Auditor	Financit S.p.A (già BNL Finance S.p.A.)
	Statutory Auditor	RML Comunicazione S.r.l.

<b>Name</b>	<b>Position/office</b>	<b>Company / organization</b>
Leonardo Quagliata	Member of the Supervisory Body ( <i>organismo di vigilanza</i> )	COTRAL S.p.A.
	Member of the Supervisory Body ( <i>organismo di vigilanza</i> ) - Sole Auditor	E. B. Elettroforniture Borghini S.p.A.
	Statutory Auditor	Leonardo S.p.A.
	Chairperson of the Board of Statutory Auditor	Acea Produzione S.p.A.
	Chairperson of the Board of Statutory Auditor	AE Sun Capital S.r.l.
	Chairperson of the Board of Statutory Auditor	Ferrovie dello Stato International S.p.A.
	Chairperson of the Board of Statutory Auditor	Mondadori Libri S.p.A.
	Chairperson of the Board of Statutory Auditor	Sarnese Vesuviano S.r.l.
	Chairperson of the Board of Statutory Auditor	Telespazio S.p.A.
	Chairperson of the Board of Statutory Auditor	Terna Rete Italia S.p.A.
	Statutory Auditor	Augusta Due S.r.l.
	Statutory Auditor	Janna S.c.r.l.
	Statutory Auditor	Mednav S.p.A.
	Statutory Auditor	
Rosina Cichello	Statutory Auditor	Istituto Oncologico Veneto I.R.C.C.S (IOV)
	Statutory Auditor	Acque Blu Arno Basso S.p.A.
	Statutory Auditor	Ecogena S.r.l.
	Statutory Auditor	Sarnese Vesuviano S.r.l.
	Alternate Auditor	Dropmi S.r.l.
	Alternate Auditor	Ombrone S.p.A.
	Alternate Auditor	Demap S.r.l.
	Alternate Auditor	Acea Produzione S.p.A.
	Statutory Auditor	Agenzia Giornalistica Italiana S.p.A.
	Statutory Auditor	Agro Camera- Azienda Speciale della Camera di Commercio di Roma
Vito Di Battista	Member of the Board of Directors, Chairman and CEO	Angelini Finanziaria S.p.A.
	Chairperson of the Board of Statutory Auditor	Avio S.p.A.
	Statutory Auditor	D - Share S.p.A.
	Chairperson of the Board of Statutory Auditor	Fondazione Toscana Gabriele Monastiero

<b>Name</b>	<b>Position/office</b>	<b>Company / organization</b>
	Chairperson of the Board of Directors	IBL Real Estate S.r.l.
	Director	Società per Promozioni Immobiliari s.s.
	Director	VALIM 1985 s.s.

### Potential conflicts of interest

As at the date of this Base Prospectus, no member of the Board of Directors or the Board of Statutory Auditors has declared a private interest or has any other duties which constitute an actual or a potential conflict of interest of such member with respect to his duties to the Issuer or which could be material in the context of the issue of the Notes.

### SHARE CAPITAL

As at 31 December 2023, Acea has an authorised, issued and fully paid-up share capital of Euro 1,098,898,884, consisting of 212,964,900 ordinary shares with a par value of Euro 5.16 each. Each ordinary share carries one voting right at the shareholders' meeting, save for 416,993 treasury shares, representing 0.2 per cent. of Acea's share capital, in respect of which the relevant voting rights have been suspended.

Pursuant to Article 6, paragraph 1 of the Issuer's by-laws, shareholders other than the Municipality of Rome, or its subsidiaries, which hold equity investments in excess of 8 per cent. of the share capital, may not exercise their voting rights in respect of any shares exceeding such threshold.

ACEA has not issued any other categories of shares or any financial instruments convertible into or exchangeable into ordinary shares.

There are no outstanding stock option or stock grant plans which require share capital increases.

### MATERIAL SHAREHOLDERS

As at 16 July 2024, the shareholders which owned, directly or indirectly, a shareholding exceeding 3 per cent. of ACEA's voting capital were the following:

<b>Declarant or party at the top of the investment chain</b>	<b>Party directly holding the major shareholding</b>		<b>Percentage of the voting share capital</b>	<b>Percentage of the ordinary share capital</b>
	<b>Name</b>	<b>Type of Possession</b>	<b>%</b>	<b>%</b>
<b>SUEZ SA</b>	SUEZ INTERNATIONAL SAS	Beneficial ownership	23.333	23.333
		<i>Total</i>	23.333	23.333
	<b>Total</b>		<b>23.333</b>	<b>23.333</b>
<b>ROMA CAPITALE</b>	ROMA CAPITALE	Beneficial ownership	51.000	51.000
		<i>Total</i>	51.000	51.000
	<b>Total</b>		<b>51.000</b>	<b>51.000</b>
	CAPITOLIUM SRL	Beneficial ownership	0.141	0.141

<b>CALTAGIRONE FRANCESCO GAETANO</b>		<i>Total</i>	0.141	0.141
	CALTAGIRONE SPA	Beneficial ownership	1.174	1.174
		<i>Total</i>	1.174	1.174
	FINCAL SPA	Beneficial ownership	3.052	3.052
		<i>Total</i>	3.052	3.052
	FGC SPA	Beneficial ownership	1.085	1.085
		<i>Total</i>	1.085	1.085
	<b><i>Total</i></b>		<b>5.452</b>	<b>5.452</b>

*Source: Consob*

The Issuer's controlling shareholder is Roma Capitale (the Municipality of Rome).

As at the date of this Base Prospectus, to the knowledge of the Issuer there is no shareholders' agreement among the Issuer's shareholders.

## **LITIGATION**

The aggregate volume of pending litigation in which one or more companies of the Group are involved is relatively small, both in terms of number of cases (less than one thousand) and of economic risk associated therewith. In order to address the financial impact of such litigation, ACEA appropriate provisioning in its financial statements. See also "*Risk Factors – Legal and internal control risks – Risks related to legal and tax proceedings and the potential violation of laws and regulations.*"

Below is a summary of the more relevant legal proceedings in which the Group is currently involved.

### **ACEA ATO 2 – Parco dell'Aniene (Alleged Failure to repair a sewerage system)**

#### *Civil Judgment*

In June 2019, the company Parco dell'Aniene S.c.a.r.l. sued ACEA ATO 2 and Roma Capitale for alleged liability of the defendants, jointly and severally or to the extent to which they are responsible, for alleged wrongful acts arising from the failure to build and/or repair the sewerage system prior to the construction works carried out by the claimant in the Tor Cervara - Via Melibeo area. The consortium is making an exorbitant claim for compensation, totalling more than Euro 105 million.

The judge, initially stating that the objection raised by ACEA regarding a lack of jurisdiction was sufficient to issue a judgement, postponed the hearing for the clarification of conclusions.

Parco dell'Aniene S.c.a.r.l. had simultaneously filed an appeal with the United Sections of the Italian Supreme Court (*Corte di Cassazione*), based on the jurisdiction matter.

Thereafter, on 15 November 2022, the Court of Rome declared that the civil lawsuit was inadmissible due to the lack of jurisdiction.

By order of 29 July 2021, the Court dismissed the appeal, declaring the administrative Court as competent of jurisdiction.

#### *Administrative judgement*



Consequently, after the decision on the jurisdiction, the proceeding has been resumed before the Lazio Regional Administrative Court (*Tar Lazio*). Currently, the date of the hearing has yet to be announced.

### **ACEA ATO 5 – tax inspection and fiscal disputes**

As a consequence of a general tax audit started on 7 March 2018 about the fiscal position of the controlled company Acea ATO 5 S.p.A., Italian Revenue Agency served to Acea, as consolidating and parent company of Acea ATO 5 S.p.A., some notices of assessment for IRES (*Tax on the income companies*) and for IRAP (*Regional tax on the productive activities*) for the years from 2013 to 2017.

On 31 December 2019, Italian Revenue Agency served three notices of assessment:

- one notice of assessment regarding IRES (*imposta sul reddito delle società*) for the year ended on 31 December 2013, for an amount of Euro 3.1 million for taxes, net of penalties and interest;
- a second notice of assessment regarding IRAP (*imposta regionale sulle attività produttive*) for the year ended on 31 December 2014, for an amount of Euro 0.9 million for taxes, net of penalties and interest; and
- a third notice of assessment regarding IRES (*imposta sul reddito delle società*) for the year ended on 31 December 2014 for an amount of Euro 5.2 million for taxes, net of penalties and interest.

On 23 December 2021, the Italian Revenue Agency served other two notices of assessment:

- one notice of assessment regarding IRES for the year ended on 31 December 2016, for an amount of Euro 1.3 million for taxes, net of penalties and interest; and
- a second notice of assessment regarding IRAP for the year ended on 31 December 2016, for an amount of Euro 0.2 million for taxes, net of penalties and interest.

On 28 December 2021, the Italian Revenue Agency served other two additional notices of assessment:

- one notice of assessment regarding IRES for the year ended on 31 December 2015, for an amount of Euro 1.5 million for taxes, net of penalties and interest; and
- a second notice of assessment regarding IRAP for the year ended on 31 December 2015, for an amount of Euro 0.3 million for taxes, net of penalties and interest.

On 17 November 2023, Italian Revenue Agency served another two notices of assessment for IRES and IRAP for the year 2017, for an amount of Euro 3.6 million for taxes, net penalties and interest.

With regard to the findings contested in these notices, supported by the opinion of their tax advisors, the companies considered that there is a remote risk of losing said proceedings.

With reference to tax periods 2013 and 2014, the Provincial Tax Commission of Frosinone accepted the defensive arguments and cancelled the notices related to IRES for years 2013 and 2014 and for IRAP for 2014, ordering the Italian Revenue Agency to pay the costs. The Italian Revenues Agency lodged an appeal. Acea entered an appearance at second instance. The disputes for the years 2013 and 2014 were combined in an appeal and, after the relative hearing

held on 26 February 2024, the Regional Tax Court of Justice of Lazio fully agreed with Acea's arguments.

With reference to tax period 2015, the first level Tax Court of Frosinone, with decision 414/2023, filed on 20 November 2023, combined the IRES and IRAP decisions and partially accepted the Acea's arguments, partially annulling the notice of assessment. The Company has lodged an appeal on May 2024.

With reference to tax period 2016, the first level Tax Court of Frosinone, combining the IRES and IRAP cases, with decision 413/2023 filed on 20 November 2023 annulled both of the findings contained in the notices, fully granting the Acea's appeal. At present the deadline for an appeal available to the Revenue Agency is still pending.

With reference to tax period 2017, Acea lodged an appeal on April 2024.

### **Enel Green Power Italia**

On 27 July 2020, Enel Green Power Italia S.r.l. ("**EGP**") sued ACEA ATO 2 before the Regional Court of Public Waters ("**TRAP**"), through the Court of Appeal of Rome, claiming the recognition of its right to receive a greater amount than that already paid by ACEA ATO 2 as an indemnity for lower voltage (due in accordance with relevant provisions of the agreement entered into by and between the parties on 1985), for electricity which could not be produced with the Farfo 1 salto, Farfa 2 salto, Nazzano and Castel Giubileo systems, subject to derivation of waters from the Le Capore sources.

Specifically, EGP stated that Acea calculated in a wrong way the indemnity amount for the period from 2009 to 2019 – being non-compliance with the methods prescribed in the agreement entered into on 1985. Therefore, EGP claimed to be entitled to receive a total amount of Euro 11,614,564.85, plus additional sums as adjustments after 31 December 2019, as well as interest on arrears.

ACEA ATO 2 filed its defence, noting the ungrounded nature of the interpretation of the agreement on which EGP based its request and providing for a different method for the quantification of the indemnity, considered to be in line with the agreements reached by the parties during the course of the contractual relationship.

Based on the application of the calculation method proposed and in the light of the indemnity amounts already paid, ACEA ATO 2 formulated a counter-claim for the return of an amount equal to Euro 3,246,201.46, plus legal interest.

With a decision dated 14 November 2022, the TRAP declared its lack of jurisdiction, electing the civil Court of Rome as the competent authority to decide over the same matters.

By a writ of summon served on 25 January 2023, EGP resumed the judgement before the Court of Rome. The first hearing was held on 1 February 2024 and the judge set the deadline for briefs, postponing the hearing to 9 January 2025.

### **Acea and ACEA ATO 2 - CO.LA.RI.**

On 23 June 2017, Consorzio Co.La.Ri. and E. Giovi S.r.l. – respectively the manager of the Malagrotta (RM) landfill and executive consortium member – filed a claim against the Issuer and ACEA ATO 2, requesting approximately Euro 36 million as payment of the portion of landfill access tariffs, as established by Legislative Decree No. 36/2003, for the entire term of

the agreement for the use of the landfill (*i.e.*, 1985 – 2009). Alternatively, should the rules of Legislative Decree No. 36/2003 be deemed non-retroactive, the plaintiffs requested the payment of approximately Euro 8 million as consideration for the period 2003 – 2009, as well as the payment of the amounts due for the period 1985 – 2003 as determined by experts appointed by court.

The judge set the hearing for conclusions on 22 March 2021 and postponed to 26 April 2022. Meanwhile, the lack of legal standing of Consorzio Co.La.Ri.'s and E. Giovi's has been objected as a consequence of the commissioner of Malagrottas' landfill established by DPCM of 18 February 2022 (in connection to remediation and post operation activities). The judge reserved ruling on such objection. The judge, with a provision issued on 19 December 2023, lifting the reservation adopted, ordered a new investigation of the case and the appointment of a court-appointed expert. The hearing for the swearing-in of the expert was held on 12 February 2024 and the survey operation are underway.

### **ARETI – Dispute GALA S.p.A.**

In November 2015, Areti signed a transport contract for the electricity distribution and metering service with Gala S.p.A. ("**Gala**"), a company that sells electricity to end users. Starting in March 2017, Gala fully ceased to pay the fees invoiced and due to Areti. On 7 April 2017, Areti, as a creditor, enforced the guarantees issued by Gala in its favour. In addition, due to non-fulfilment of the obligations deriving from the contract being disputed by both Gala and the guarantors, the termination clauses found therein were triggered. The main pending disputes generated by such matter are summarised below.

On 3 February 2023, Gala has filed a request to start a settlement procedure for the resolution pursuant to Article 12 of Legislative Decree 14/2019 and, following negotiations between Gala, Areti and e-Distribuzione S.p.A., an agreement was reached. The agreement was formalised on 2 February 2024.

#### *Judgement filed by the guarantor Euroins Insurance plc*

In July 2017, Euroins Insurance plc, a guarantor of Gala, independently introduced an assessment proceeding to declare the non-existence of its obligation deriving from the guarantee. The proceeding was started before Section XVII of the Court of Rome. With a judgement dated 10 May 2021, the action for ascertainment of invalidity was rejected, with an order to Euroins to pay Areti Euro 5 million (plus legal interest and legal expenses). The judgement also ordered Gala to ensure the release of the guarantor, directly paying Areti Euro 5 million, plus legal interest.

On 8 June 2021, Gala spontaneously made the payment of the amount provided for in the judgement, paying Areti Euro 5,058,986.30, including legal interest (being equal to Euro 58,986.30). Considering that a parallel civil proceeding was also ongoing between Gala and Areti, such payment was made with reservation of, *inter alia*, recovery of undue payments. Gala's appeal was filed on 10 December 2021 and the hearing has been postponed to 22 June 2026 for the oral discussion. Following the payment, the judgement will be resolved pursuant to articles 181 and 309 of the Italian Civil Procedure Code.

#### *GALA's summons to areti, Acea Energia and Acea*

In March 2018, Gala requested the Court of Rome to declare the invalidity of some clauses of the transport contract stipulated with Areti in November 2015 and the consequent invalidity/ineffectiveness of the termination of the contract by Areti, ordering the latter to pay

the corresponding damage, for a total amount exceeding Euro 200,000,000.00. Gala also requested that the behaviour of Areti and the other defendant companies, Acea and Acea Energia, be declared acts of unfair competition, condemning them to pay the corresponding damages. The companies of the Acea group that were involved in such proceeding promptly reacted within the terms set forth by the relevant Italian law and acted for the denial of the opposing claims, requesting their rejection. In addition, as a counterclaim, Areti requested to declare the contract legitimately terminated, as well as to ascertain and declare the non-fulfilment of Gala of the payment and guarantee obligations assumed under the transport contract with consequent order to pay the related amount, plus interest and without prejudice to the additional amounts being accrued. With the ruling of 15 June 2023, the Court, accepting the defence arguments of Areti, Acea and Acea Energia, rejected all the claims brought by Gala and accepted the counterclaim of Areti, declaring the contract terminated, with the consequent condemnation of Gala to pay. Both Areti and Gala have filed an appeal against this judgement. Following the payment, the judgement will be resolved pursuant to articles 181 and 309 of the Code of Civil Procedure.

### **Acea – Milano '90**

On 28 February 2007, Acea, as seller, and Milano 90 S.r.l., as purchaser ("**Milano 90**"), entered into a sale and purchase agreement for the sale of an area in the Municipality of Rome, with access from via Laurentina No. 555. On 5 November 2008, the parties subsequently amended such agreement, in order to increase the sale price from Euro 18 million to Euro 23 million – to be paid by the purchaser on 31 March 2009 – and to delete references to the earn out mechanism (the "**SPA**").

Since Milano 90 did not fulfil its duties and obligations under the SPA, Acea served a court injunction against Milano '90, for the recovery of the amounts claimed. Milano 90 opposed the aforementioned injunction and claimed the recovery of any sums paid in advance, thereby obtaining a temporary suspension of the enforcement measure brought by Acea against it.

With decision n. 3258/2018, the Court of Rome rejected the opposition filed by Milano 90 (confirming the claims made by Acea) and ordered Milano 90 to pay the costs of the proceedings.

### *Appeal*

On 26 April 2018, Milano 90 filed an appeal against the ruling of the Court of Rome. As a result of an oral hearing, the Court of Appeal rejected the request for suspension of the enforcement measure applied. The final hearing was held on 10 September 2021. By judgment of 23 June 2022, the Court of Appeal of Rome confirmed in full the judgment of the court of first instance, ordering the other party (i.e. Milano 90) to pay the costs of the proceedings. By recurring to the jurisdiction of the Italian Supreme Court (*Corte di Cassazione*), Milano 90 appealed against the judgment issued by the Rome Court of Appeal. Currently, the date of the hearing has yet to be announced.

### *Enforcement procedure*

Following the positive first instance decision on 27 March 2018, Acea lodged the appeal for the resumption of the enforcement procedure against Milano 90 and third party (the garnishee). As a result of the opposition lodged by the third party on 25 March 2022 the payment of the amount assigned to Acea was carried out. An appeal to the Court of Cassation by the third-party garnishee is now pending. The date for the hearing has not yet been set.

## **ACEA and ARETI – MP 31 S.r.l. (formerly ARMOSIA MP S.r.l.)**

In 2015, the Court of Rome issued an injunctive order against ARETI for an amount of Euro 26,621.34, requested by MP 31 S.r.l., formerly known as ARMOSIA MP S.r.l. ("MP"), in relation to the failure of ARETI to pay rental fees for the months of April, May and June 2014, due under a lease agreement connected to the property in Rome located in Via Marco Polo 31. The injunction was declared provisionally enforceable by order of 8 July 2015.

In the hearing held on 17 February 2016, the judge adjoined this case with another one pending before the Court of Rome, filed by Acea and ARETI (as transferee of the lease agreement) aimed at obtaining the termination of the lease agreement.

In the context of the latter proceeding, MP also claimed compensation for damages incurred in consideration of the degrading condition of the building – when it was released by ARETI.

With decision dated 27 November 2017, the Court of Rome upheld the application of the measure adopted against ARETI, condemning it to the payment of the previous rental fees in the amount of approximately Euro 2,759,818.76, as well as the payment of any and all the rental fees up to lease agreement expiry (*i.e.* 29 December 2022).

On January 2018, Acea filed an appeal, whose hearing - initially scheduled for 16 April 2020 – was postponed to 19 September 2024.

## **Acea – Former "COS" rulings**

The dispute concerns the ascertainment of the illegality of the contract between ALMAVIVA Contact (formerly known as COS) ("**Almaviva**") and ACEA and the consequent right of Almaviva's workers to be recognised as employees of ACEA.

The majority of cases in which ACEA was unsuccessful were settled, and, out of six claims, only two were brought before the Italian Supreme Court (*Corte di Cassazione*) by ACEA. These judgements were settled by dismissal orders – made on, respectively, 2 and 10 July 2019 – of ACEA's application and, therefore, the establishment of the employment contract between ACEA and the opposing parties as from 2004 was confirmed. The claimants have therefore started to work concretely as employees of ACEA starting from February 2020.

### *Quantification judgements concerning remuneration differences for the period 2008/2014*

The six workers who won their cases (*i.e.* with whom a subordinate employment relationship with ACEA was established) have initiated actions quantifying their claims, requesting payment of the wages due as a result of the established employment relationship and regarding different periods of accrual of the receivables. The action for quantification proposed by the workers regarding the remuneration differences accrued between 2008 and 2014, defined with a partially unfavourable judgement issued on 26 October 2021, is currently pending before the Court of Appeal of Rome, Employment Section.

After this unfavourable verdict, ACEA paid, reserving the right to a refund, the amounts due as remuneration and pension differences plus interest and monetary revaluation.

An appeal to the Italian Supreme Court (*Corte di Cassazione*) was filed against this ruling and the first hearing is yet to be scheduled.

### *Quantification judgments concerning remuneration differences for the period 2014/2019*

Between 2020 and 2022, four workers served four different "*Procedimenti monitori*" to obtain before the Court injunction relieves also seeking to obtain unpaid wages between 2014-2019. With regard to the two injunctions served in 2020, at the outcome of oppositions proceedings, the workers' request was accepted. Therefore, in April 2022, Acea compensated the salary differences and other granted incidentals and ancillary costs, also filing for appeal.

With regard to the appeals notified in 2022, both trials were opposed and, with a judgement dated 4 March 2023, Acea was ordered to pay the salary differences. The rulings have been appealed with the Rome Court of Appeal and the hearings have been set for 26 and 28 June 2024. The hearing originally scheduled for 26 June 2024 has been set for 15 January 2025. However, at the outcome of the hearing on 28 June, an unfavorable court decision was issued with rejection of the appeal and Acea's obligation to pay legal costs. Lastly, in July 2022, an appeal was filed pursuant to Article 414 of the Italian code of civil procedure by a fifth different worker, whose claims were accepted with a ruling in December 2022. The ruling on the appeal proceedings started by Acea is still pending, with the next hearing set for 13 June 2024. The Court rejected the appeal and ruled against Acea to pay the legal costs.

### **Acea – Municipality of Botricello**

In 1995, the Municipality of Botricello transferred the management of its integrated water service to a temporary group of companies, which later became a consortium known as Hydreco S.c.a.r.l. ("**Hydreco**"). In 2005, the Municipality of Botricello filed a claim with the Court of Catanzaro against Hydreco - which included Sigesa S.p.A. (a company that transferred its rights to Acea) - to request the recovery of fees due for management of the integrated water service for the period 1995-2002, for an amount of approximately Euro 946,091.63, plus damages, interest and revaluation.

Hydreco filed a counter-claim for failure to adjust tariffs and loss of earnings due to the early revocation of the service. During the proceeding, an expert recognised an amount of Euro 230,000.00 in favour of the Municipality of Botricello. Nonetheless, on 29 October 2015, the Court of Catanzaro ordered Hydreco to jointly pay an amount of Euro 946,091.63, plus interest and revaluation, rejecting the counter-claims.

The losing parties filed separate appeals and, with decision of 27 March 2018, the Court of Appeal of Catanzaro suspended the execution of the appealed judgement. However, on 6 June 2020, the appeals were rejected. Therefore, Acea filed an appeal with the Italian Supreme Court (*Corte di Cassazione*). The hearing was held on 21 December 2023 and, with an order dated 25 March 2024, the appeal brought by Acea and by Hydreco s.c.a.r.l. (in liquidation) were rejected.

### **Acea Energia S.p.A. - AGCM (Antitrust Authority) Measure - Proceeding No. PS12458**

On 18 October 2022, the Italian Antitrust Authority (hereinafter, also "*Autorità Garante della Concorrenza e del Mercato*" or "**AGCM**" or the "**Authority**") notified Acea Energia (hereinafter, also "**AE**" or the "**Company**") of a request for information aimed at verifying the existence of commercial conduct potentially aimed at circumventing the prohibition set forth in Article 3 of the Italian Legislative Decree No. 115 of 9 August 2022 (the so-called "*DL Aiuti bis*"), converted into Law No. 142 of 21 September 2022. The mentioned law provides for the suspension of the effectiveness of any contractual clause unilaterally modifying the terms and conditions of price definition until 30 April 2023. AE replied to the AGCM. On 13 December 2022, the Authority sent notice to the Company of the commencement of proceedings, at the same time notifying it of the imposition of a precautionary measure against

it. The Company appealed against the legitimacy of the precautionary measure before the Lazio Regional Administrative Court (TAR Lazio), which granted the appeal.

Following new case law and legislative changes, on 30 December 2022, AGCM adopted a second precautionary measure concerning Acea Energia, partially revoking the measure imposed on 12 December 2022. The Regional Administrative Court of Lazio, in its order numbered 8398 dated 17 May 2023, set aside the interim measures issued by AGCM in case PS12458. Subsequently, on 4 September 2023, AGCM notified Acea Energia of the appeal filed against the decision of the Regional Administrative Court of Lazio, and on 4 October 2023, Acea Energia filed its counter-appeal.

On 31 October 2023, AGCM issued a penalty provision to conclude the proceeding. Specifically, AGCM found Acea Energia's actions concerning unilateral changes in contractual economic conditions and the handling of user complaints improper, violating articles 24 and 25 of the Consumer Code. As a result, AGCM imposed a monetary administrative sanction of Euro 0.560 million, paid by Acea Energia in November 2023. Notably, AGCM's order did not include a warning to cease the conduct or a deadline for Acea Energia to submit a compliance report.

On 13 January 2024, Acea Energia filed an appeal with the Regional Administrative Court against the sanction provision. The hearing is scheduled for 17 July 2024.

#### **Acque Blu Fiorentina S.p.A. – Publiacqua S.p.A.**

Publiacqua is 60% owned by the municipalities within the ATO and 40% by ABF, of which Acea holds a 75% stake. The relationship between ABF, a private shareholder, and the public shareholders has been governed not only by the articles of association but also through shareholders' agreements. These agreements dictate the company's governance and establish special rules to safeguard public shareholders in the event of decision-making deadlocks, potentially enabling the exercise of a purchase option for the private shareholders' shares.

In line with the regional consolidation of public services, certain entities in Tuscany established the multi-utility company Alia Servizi Ambientali S.p.A. ("**Alia Servizi Ambientali**") in 2020. Subsequently, the public shareholders of Publiacqua initiated actions to remove ABF from Publiacqua's shareholding structure, resulting in the annulment of the mentioned shareholders' agreement. This led to several disputes, some of which were urgently filed. While awaiting rulings on the actions taken by the public shareholders, they: i) transferred shares held by various municipalities to Alia Servizi Ambientali, thereby making it a shareholder of Publiacqua; ii) invoked the "decision-making deadlock" clause included in a shareholders' agreement and notified their intent to exercise the purchase option for Publiacqua shares held by ABF.

Currently, the case filed by ABF is pending before the Court of Florence, which summoned Publiacqua and its public shareholders to address the alleged illegitimacy of the request to compel ABF to transfer its stake in Publiacqua's share capital to the public shareholders. The first hearing, aimed at summoning additional parties, was held on 16 November 2023. Following this hearing, the judge granted the parties deadlines as per Article 183, paragraph 6, of the Code of Civil Procedure and scheduled another hearing for 21 March 2024. The final hearing is scheduled for 12 September 2025.

#### **Acque Blu Arno Basso S.p.A. – Acque S.p.A.**

Acque is a public/private company that operates the integrated water service in Tuscany. Relations between ABAB, a private shareholder, and the public shareholders, have been governed over time not just by the articles of association but also through shareholders' agreements which dictate the governance of the company and call for special rules to protect the public shareholders in the case of a decision-making deadlock, which may provide the possibility of exercising a purchase option relative to the private shareholders' shares. In 2019, the public shareholders formally annulled the shareholders' agreements and in July 2021 formalised the exercising of the purchase option. ABAB consequently began a series of legal actions to protect its interests, with the aim of preventing the transfer to the public shareholders of ABAB's equity investment in Acque. The public shareholders filed a request to appoint an arbitrator pursuant to article 1349 of the Civil Code, to determine the price due in the case the disputed option right were to be exercised. Following the filing of the preliminary pleadings, the judge (i) appointed the arbitrator; (ii) requested a court-appointed expert to determine the price in the case one was not identified by the third party; (iii) set an attempt for conciliation. After the filing of the consultation and clarification documents provided by the court-appointed expert, the hearing on 11 December 2023 was postponed for the hearing for final arguments on 1 July 2024. The settlement of the ongoing dispute and other potential disputes should not create any additional charges for Acea, with respect to the amounts set aside. These allocations represent the best estimate possible based on the elements available today.

## **EMPLOYEES**

As at 31 December 2023, the Group average number of employees was 10,348 and increased by 137 (compared to 31 December 2022), mainly due to the change in scope.

## **MATERIAL CONTRACTS**

### ***Debt issuances***

On 3 March 2010, ACEA issued the JPY 20,000,000,000 2.5 per cent. Notes due 2025 (ISIN Code XS0490440384).

On 15 May 2014, ACEA established the Euro 1,500,000,000 Euro Medium Term Notes Programme to which this Base Prospectus relates.

On 15 July 2014, ACEA issued Euro 600,000,000 2.625 per cent. Notes due 2024 (ISIN Code XS1087831688) under the Programme, such Notes having been redeemed on their maturity date.

On 24 October 2016, ACEA completed a liability management transaction involving a tender offer of existing notes and a new issue of Euro 500,000,000 1.000 per cent. Notes due 2026 (ISIN Code XS1508912646) under the Programme.

On 19 January 2018, ACEA increased the maximum aggregate principal amount of Notes outstanding and guaranteed at any one time under the Programme from Euro 1,500,000,000 to Euro 3,000,000,000.

On 1 February 2018, ACEA issued Euro 700,000,000 1.500 per cent. Notes due 2027 (ISIN Code XS1767087866) under the Programme.

On 6 May 2019, ACEA increased the maximum aggregate principal amount of Notes outstanding and guaranteed at any one time under the Programme from Euro 3,000,000,000 to Euro 4,000,000,000.



On 23 May 2019, ACEA issued Euro 500,000,000 1.750 per cent. fixed rate notes due 2028 (ISIN Code XS2001278899) under the Programme.

On 6 February 2020, ACEA issued Euro 500,000,000 0.5000 per cent. fixed rate notes due 2029 (ISIN Code XS2113700921) under the Programme.

On 16 December 2020, the Board of Directors approved the increase of the maximum aggregate principal amount of Notes outstanding and guaranteed at any one time under the Programme from Euro 4,000,000,000 to Euro 5,000,000,000.

On 28 January 2021, ACEA issued Euro 300,000,000 0.000 per cent. green notes due 28 September 2025 (ISIN Code XS2292486771) and Euro 600,000,000 0.250 per cent. green notes due 28 July 2030 (ISIN Code XS2292487076) issued under the Programme.

On 17 January 2023 (TAP 3 February 2023), ACEA issued Euro 700,000,000 3.875 per cent. green notes due 24 September 2031 (ISIN Code XS2579284469) issued under the Programme.

### ***Main Long Term Financing Agreements and back-up facilities***

On 11 November 2005, *Cassa Depositi e Prestiti* granted to ARETI a Euro 439,333,798.96 amortising loan guaranteed by ACEA maturing on 31 December 2027.

On 23 December 2014, the European Investment Bank granted to the Issuer a Euro 200,000,000 amortising unsecured loan maturing on 17 June 2030, partially prepaid on 15 June 2021 for an amount of Euro 50,000,000.

On 4 August 2015, the European Investment Bank granted to the Issuer a Euro 200,000,000 unsecured loan with a three-year availability period. On 2 May 2017, the Issuer requested the total disbursement of the loan with an amortizing repayment maturing on 15 December 2030.

On 18 July 2019, a pool of banks granted to Gori a Euro 80,000,000 project financing amortizing loan outstanding for Euro 73,000,000 as of 31 December 2023, maturing on 31 December 2029.

On October 2019, the Issuer fully consolidated Acquedotto del Fiora project financing amortizing loan granted by a pool of banks, outstanding for Euro 95,426,760 as of 31 December 2023, maturing on 31 December 2029 with limited recourse on the Issuer.

On 1 July 2020, Banca Nazionale del Lavoro S.p.A. granted to the Issuer a Euro 150,000,000 unsecured committed revolving facility, maturing on 30 June 2023. On 28 June 2022, it has been amended and extended in a new Euro 200,000,000 unsecured committed revolving facility, maturing on 28 June 2027. The facility is currently undrawn.

On 31 July 2020, Cassa Depositi e Prestiti S.p.A. granted to the Issuer a Euro 150,000,000 unsecured committed revolving credit facility, maturing on 31 July 2023. On 5 August 2022 and on 28 June 2024, it was further amended and restated to extend such facility in a new Euro 200,000,000 unsecured committed revolving credit facility, maturing on 5 August 2027. The facility is currently undrawn.

On 29 September 2020, UniCredit S.p.A. granted to the Issuer a Euro 200,000,000 unsecured committed revolving credit facility, maturing on 29 September 2023. On 7 July 2022, the parties terminated this committed revolving credit facility and UniCredit S.p.A. granted to the

Issuer a new Euro 300,000,000 unsecured committed revolving credit facility, maturing on 7 July 2027. The facility is currently undrawn.

On 30 July 2020, the European Investment Bank granted to the Issuer a Euro 250,000,000 amortising unsecured loan with a three years of commitment period. On 13 June 2022, the Issuer requested the total disbursement of the loan, having an amortizing repayment schedule ending on 15 June 2037.

On 16 November 2020, a Euro 30 million long-term structured finance transaction was signed in favour of SII. In particular, a loan equal to Euro 20,000,000 was granted by Banca Nazionale del Lavoro S.p.A. and UBI Banca S.p.A. (now merged into Intesa Sanpaolo S.p.A.), whereas a loan of Euro 10 million was granted by Umbriadue Servizi Idrici S.c.a.r.l. ("**Umbriadue**").

On 20 July 2021, a pool of banks granted to Umbra Acque a Euro 62,000,000 long term structured finance outstanding for Euro 58,547,978 as of 31 December 2023, maturing on 31 December 2031.

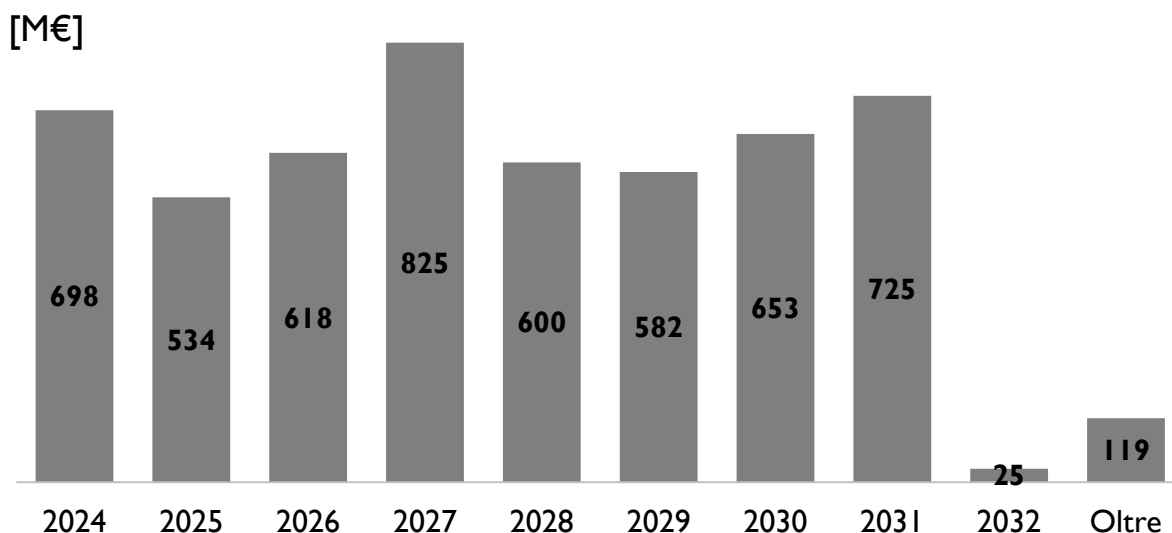
On 6 July 2023, the European Investment Bank granted to the Issuer the first Euro 235,000,000 tranche of the total Euro 435,000,000 approved by the Board of Directors of the European Investment Bank. On 29 April 2024, the Issuer requested the total disbursement of the first tranche with an amortizing repayment schedule maturing on 29 April 2039. On 28 May 2024, the European Investment Bank granted to the Issuer the second Euro 200,000,000 tranche of total Euro 435,000,000. On 18 June 2024, the Issuer requested the total disbursement of the mentioned second tranche with an amortizing repayment schedule maturing on 20 June 2039.

On 23 November 2023, a pool of banks granted to AdistribuzioneGas a Euro 35,000,000 long term structured finance outstanding for Euro 35,000,000 as of 31 December 2023, maturing on 30 June 2038.

The chart below shows the Acea's maturity debt schedule in respect of its indebtedness as of 31 December 2023.

ACEA's loans and ACEA's subsidiaries' principal medium/long-term borrowings, including the above-mentioned loan to ARETI, may be subject to covenants to be complied with by the borrower in accordance with international market practices and/or European Investment Bank standards.

The loan agreements entered into by ACEA contain broadly market standard (LMA and/or EIB) provisions.



## RECENT DEVELOPMENTS

### **Acea: indication of interest in the Rome waste to energy plant presented**

On 1 March 2023, Acea Ambiente, a subsidiary of Acea, responded to the public notice issued by the municipality of Rome to find economic operators interested in presenting project financing proposals for assignment of the systems hub concession concerning the design, authorisation, construction and management of a waste-to-energy plant and correlated ancillary systems. Acea Ambiente presented its indication of interest with other national and international partners, including Hitachi Zosen Inova, Vianini Lavori and Suez, following favourable determinations by the relevant corporate bodies of Acea Ambiente and Acea (also pursuant to the provisions of the Acea Group Related Party Transactions Procedure).

Subsequently, on 18 May 2024, Acea Ambiente submitted a bid following the call for tenders published by the municipality of Rome for the assignment of such plant engineering hub concession.

### **Acea: a new organisation to face future challenges**

On 12 September 2023, Acea launched a new corporate organisation based on three aspects: welcoming new professionals, generational turnover and including women in top level positions. The new organisation included the establishment of two new deputy generals with relative staff: the Deputy General Manager Corporate and Deputy General Manager Operations.

### **Publication of documentation for the partial demerger by spin-off**

The partial demerger by spin-off, pursuant to article 2506, paragraph 1 of the Italian civil code, involves a reorganisation of the assets within the business unit associated with integrated water service management, with the goal of transferring this business unit to a newly established company that will be fully held by Acea.

### **Presentation of a project financing proposal to be awarded the public lighting and smart city services for the city of Rome**

On 22 December 2023, the Acea Board of Directors approved the definition and presentation to Roma Capitale by a.cities S.r.l., a fully held subsidiary of Acea, of a project financing

proposal to be awarded the concession, pursuant to article 193 of the Italian public contracts code, of the project to operate, modernise and digitalise the public lighting network and service in the city of Rome and the realisation of innovative smart city services.

### **Acea, one million new smart meters installed on Rome's electricity grid**

As of 31 January 2024, Areti installed one million new smart meters on the electricity grid of Rome. These "Rometrix" 2G Smart Meters mark a significant milestone in energy consumption management and monitoring. The advanced technology employed offers increased transparency in consumption, as well as opportunities for optimizing energy efficiency and reducing waste. The installation of these Smart Meters reflects a commitment to building a sustainable and intelligent city, aligning with the Acea Group's vision of responsible energy usage. By preserving natural resources and fostering a healthier environment for future generations, the Acea Group aims to contribute to a more sustainable future.

### **Annual general meeting approves 2023 Financial Report, resolves a dividend of Euro 0.88 per share and appoints a new member of the Board of Directors**

On 12 April 2024, the shareholders' meeting of Acea approved the 2023 Consolidated Financial Statements, which showed the following data: (i) a net profit attributable to the Group of Euro 294 million; (ii) an EBITDA of Euro 1.4 billion; (iii) investments totalling Euro 1,143 million. The consolidated non financial statement prepared pursuant to Italian Legislative Decree 254/2016 (*i.e.* 2023 Sustainability Report) was also presented to the shareholders. Furthermore, the shareholders' meeting of Acea also (i) confirmed the distribution of the dividends, for a total amount of Euro 187,042,158.16, equal to €0.88 per share; (ii) allocated Acea's net income, amounting to Euro 202,961,039.38, for the year ended 31 December 2023; (iii) approved the first section and voted in favour of the second section of the report on the remuneration policy (*Politica in materia di remunerazione e sui compensi corrisposti*), pursuant to Article 123-ter of Legislative Decree no. 58/98; and (iv) appointed Mr. Yves Rannou as member of the Board of Directors pursuant to article 15.4 of the articles of Acea's by-laws.

## OVERVIEW OF FINANCIAL INFORMATION OF THE ISSUER

The following financial information is derived from the audited consolidated financial statements of ACEA as at and for the years ended 31 December 2023 and 31 December 2022. The audited consolidated financial statements of ACEA as at and for the years ended 31 December 2023 and 31 December 2022, which have been audited by PricewaterhouseCoopers SpA, are incorporated by reference into this Base Prospectus. See also "Auditors". The financial information below should be read in conjunction with, and is qualified in its entirety by reference to, such financial statements and the notes thereto. See also "*Information incorporated by reference*".

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

## Consolidated Income Statement

	Year ended 31 December	
	2023	2022
	<i>(audited)</i>	
	<i>(millions of euro)</i>	
Revenue from sales and services .....	4,430	4,957
Other revenue and income.....	219	181
<b>Consolidated Net Revenues .....</b>	<b>4,649</b>	<b>5,138</b>
Staff costs .....	334	305
Cost of materials and overheads.....	2,938	3,556
<b>Consolidated Operating Costs .....</b>	<b>3,273</b>	<b>3,861</b>
Net income / (expense) from commodity risk management .....	0	0
Profit / (loss) from non-financial equity investments .....	14	28
<b>EBITDA .....</b>	<b>1,391</b>	<b>1,305</b>
Net write-downs (write-backs) of trade receivables .....	86	113
Depreciation, amortization and provisions .....	692	626
<b>Operating Profit / (loss).....</b>	<b>612</b>	<b>566</b>
Financial income .....	39	26
Financial charges.....	(176)	(112)
Profit / (loss) on equity investments .....	(1)	18
<b>Profit / (loss) before tax .....</b>	<b>475</b>	<b>498</b>
Income tax .....	148	187
<b>Net Profit / (loss) .....</b>	<b>327</b>	<b>311</b>
Net Profit / (loss) from discontinued operations .....	0	0
<b>Net Profit / (loss) .....</b>	<b>327</b>	<b>311</b>
Profit / (loss) due to third parties .....	34	31
<b>Net Profit / (loss) attributable to the Group .....</b>	<b>294</b>	<b>280</b>

## Consolidated Balance Sheet – Assets

	As at 31.12.2023	As at 31.12.2022
		<i>(audited)</i>
		<i>(millions of euro)</i>
Tangible fixed assets .....	3,335	3,144
Real estate investments .....	2	2
Goodwill .....	255	255
Concessions and rights on infrastructure .....	3,787	3,471
Intangible fixed assets .....	413	420
Copyright .....	93	90
Equity investments in unconsolidated subsidiaries and associates .....	359	349
Other equity investments .....	8	3
Deferred tax assets .....	205	180
Financial assets .....	19	31
Other non-current assets .....	717	615
<b>NON CURRENT ASSETS .....</b>	<b>9,193</b>	<b>8,560</b>
Inventories .....	98	105
Trade receivables .....	1,213	1,265
Other current assets .....	405	461
Cash and cash equivalents .....	359	560
Current financial assets .....	487	342
Current tax assets .....	13	26
<b>CURRENT ASSETS .....</b>	<b>2,576</b>	<b>2,759</b>
Non-current assets destined for sale .....	18	19
<b>TOTAL ASSETS .....</b>	<b>11,787</b>	<b>11,338</b>

## Consolidated Balance Sheet – Liabilities and Shareholders' Equity

	As at 31.12.2023	As at 31.12.2022
	<i>(audited)</i>	
	<i>(millions of euro)</i>	
<b>Shareholders' Equity:</b>		
Share capital .....	1,099	1,099
Legal reserve .....	158	147
Other reserves.....	74	28
Retained earnings / (losses) .....	753	737
Profit / (loss) for the year.....	294	280
<b>Total shareholders' equity for the Group.....</b>	<b>2,377</b>	<b>2,291</b>
Third parties Shareholders' Equity .....	446	464
<b>Total shareholders' equity .....</b>	<b>2,823</b>	<b>2,755</b>
Staff termination benefits and other defined-benefit plans .....	110	113
Provision for risk and charges .....	224	218
Borrowings and financial liabilities .....	4,770	4,722
Other non-current liabilities .....	511	399
<b>NON-CURRENT LIABILITIES.....</b>	<b>5,616</b>	<b>5,452</b>
Payables to suppliers .....	1,751	1,850*
Other current liabilities .....	662	632*
Borrowings .....	923	619
Tax payables .....	13	27
<b>CURRENT LIABILITIES.....</b>	<b>3,348</b>	<b>3,128</b>
Liabilities closely associated with assets held for sale.....	0	2
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY .....</b>	<b>11,787</b>	<b>11,338</b>

\*As explained in note 36 to the 2023 Consolidated Financial Statements, a reclassification of Euro 6 million was made from "other current liabilities" to "payables to suppliers" at 31 December 2022 (compared to the figures presented in the table above) so as to better represent the information.



# Consolidated Statement of Cash Flows

As at 31.12.2023

As at 31.12.2022

(audited)

(millions of euro)

## Cash flow from operating activities

Profit before tax.....	475	498
Depreciation/amortisation and impairment losses .....	652	595
Profit/(Loss) on equity investments.....	(14)	(46)
Changes in provisions for risks and charges .....	8	(11)
Net change in the provision for employee benefits.....	(1)	0
Net financial income/(charges).....	132	84

## Cash flow from operating activities before changes in working capital.....

Provision for doubtful accounts	86	113
Increase/Decrease in receivables included in current assets .....	(24)	(312)
Increase/Decrease in payables included in the working capital .....	(84)	197
Increase/Decrease in inventories.....	7	(15)
Income taxes paid.....	(148)	(179)
Change in working capital.....	(164)	(196)

## Change in other assets/liabilities during the period

	23	(45)
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## Cash flow from operations of Disposal Groups/Assets held for sale

## Cash flow from operating activities

	1,11	897
Investments in tangible and intangible assets.....	(1,143)	(1,050)
Investments in investees, subsidiaries and business units .....	(68)	46
Collections/payments deriving from other financial investments.....	(133)	45
Dividends received.....	6	3
Interest income received.....	39	26
Cash flow from investments of Disposal Groups/Assets held for sale	0	0
<b>TOTAL CASH FLOW FROM INVESTMENT ACTIVITIES.....</b>	<b>(1,299)</b>	<b>(930)</b>

New issues of long-term financial debt .....	700	250
Repayment of financial payables.....	(378)	(73)

Decrease/increase in other financial debts.....	(23)	(3)
Interest expense paid.....	(166)	(104)
Dividends paid.....	(145)	(146)
Cash flow from loans of Disposal Groups/Assets held for sale	0	0
<b>TOTAL CASH FLOW FROM FINANCING ACTIVITIES.....</b>	<b>(12)</b>	<b>(76)</b>

## Cash flows for the period.....

	(200)	(127)
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## Net opening balance of cash and cash equivalents.....

	560	680
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## Cash availability from acquisition

	0	6
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## Net closing balance of cash and cash equivalents.....

	359	560
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## Cash and cash equivalents at the end of the year Disposal Groups/Assets held for sale

	0	0
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## Cash and cash equivalents at the end of the year Continuing Operations

	359	560
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## REGULATORY

*EU and Italian laws significantly regulate ACEA's core energy, water, networks and waste management businesses and these regulations may affect ACEA's operating profit or the way it conducts business. The principal regulations applicable to ACEA are summarised below. Although this summary contains all the information that ACEA's management considers material in the context of the issue of the Notes, it is not complete. Investors should read this summary together with the legislation applicable to ACEA, and not rely on this summary only.*

### **The Italian code on public contracts**

#### **Water business**

##### ***The Galli Law and Environmental Code***

The comprehensive set of legal provisions enacted to regulate the sector of water services is contained in the Legislative Decree No. 152 of 3 April 2006 (the "**Environmental Code**").

The Environmental Code, which contains integrated provisions for all environmental businesses and, in principle, the regulation of the management of the integrated water service system in Italy, is based on the following principles:

- establishment of a sole integrated system for the management of the entire cycle of the water resources (integrated water services or "*servizio idrico integrato*"), including the abstraction, transportation and distribution of water for non-industrial purposes, water drainage and purification of waste water;
- identification, by the Italian Regions and within each of them, of "Optimal Territorial Districts" ("**Ambiti Territoriali Ottimali**" or "**ATOs**"), within which the integrated water services are to be managed. The boundaries of ATOs were defined on the basis of: (i) consistency with hydrological conditions and logistical considerations; (ii) the goal of achieving industry consolidation; (iii) the potential for economics of scale and operational efficiencies; and
- institution of a water district authority for each ATO ("**Water District Authority**" or "**Autorità di Ambito Territoriale Ottimale**" or "**AATOs**"), responsible for: (i) organising integrated water services, by means of an integrated water district plan which, *inter alia*, sets out an investments policy and management plan relating to the relevant district (*Piano d'Ambito*); (ii) identifying and overseeing an operator of integrated water services; (iii) determining the tariffs applicable to users; (iv) monitoring and supervising the service and the activities carried out by the selected operator, in order to ensure the correct application of the tariffs and the achievement of the objectives and quality levels set out in the district plan.

The organisation of integrated water services relies on a clear distinction in the division of tasks among the various governing bodies. The State and regional authorities carry out general planning activities. Local authorities (Water District Authorities) supervise, organise and control the integrated water services but these activities are managed and operated on a day-to-day basis by (public or private) service operators.

Law No. 42 of 26 March 2010 provided for the abolition of the AATO's starting from 27 March 2011, which deadline was subsequently extended to 31 March 2011, 31 December 2011 and again to 31 December 2012. By this deadline, regional governments were required to re-assign, by means of specific laws, the roles previously performed by the AATOs, in accordance with the principles of subsidiarity, differentiation and adequacy.

The Environmental Code provides for civil, penal and administrative sanctions in case of violations of its provisions.

It must also be noted that, from August 2011, according to the rules set forth by Legislative Decree No. 121 of 7 July 2011, some crimes concerning water discharge disposal have been introduced within Legislative Decree No. 231 of 8 June 2001 ("**Decree 231/2001**") on entities administrative responsibility which provides that a company is responsible for certain offences (not only crimes) committed by its executives, directors, agents and/or employees in the interest or to the benefit of that company.

Law No. 68 of 22 May 2015 (published in Official Journal 28 No. 122 on May 2015) approved new regulations on environmental crimes. In particular, Law 68/2015 introduces the new Title VI-bis - "Crimes against the environment" into the Italian Criminal Code amending art. 257 and 260 of Legislative Decree No. 152/2006. These crimes add to the list of unlawful acts for which Authorities can be held responsible in accordance with Legislative Decree No. 231/2001, requiring an update of organisational models.

### ***The Italian Regulatory Authority for Energy, Networks and Environment ("ARERA")***

Article 21, paragraphs 13 and 19 of Decree Law 201/11 has transferred to the ARERA (formerly, AEEGSI) "the functions of regulation and control of water services" and at the same time abolishing the National Agency for the regulation and supervision of water sector.

The functions of regulation and control of water services transferred to the ARERA also pursue the following objectives:

- guaranteeing the equal dissemination, accessibility and quality of services to users throughout the country;
- establishment of a tariff system that is fair, reliable, transparent and non-discriminatory;
- protection of the rights and interests of users;
- management of water services in terms of efficiency, economic balance and financial performance; and
- implementation of EU principles of "full cost recovery".

Article 1, paragraph 1, of Law No. 481/95 provides that the ARERA should pursue, in the performance of their duties, *"the purpose of ensure the promotion of competition and efficiency in the service sector utilities, [...] as well as adequate levels of quality in these services in terms of cost and profitability, ensuring usability and spread evenly throughout the country, defining a reliable tariff system transparent and based on predefined criteria, promoting protect the interests of users and consumers, taking into account the legislation Community and general policy guidelines formulated by the Government. The tariff system also harmonize the objectives economic and financial of the parties operating the service with the general objectives of character social, environmental protection and efficient use of resources"*.

### ***Water tariff method for the fourth regulatory period 2024 – 2029 (MTI-4)***

With resolution 639/2023/R/idr of 28 December 2023, ARERA defined the water tariff method for the fourth regulatory period 2024 – 2029 ("**MTI-4**"). The adoption of MTI-4 is part of the procedure begun with resolution 64/2023/R/idr, and was followed by two consultations (DCO 442/2023/R/idr and DCO 543/2023/R/ idr). MTI-4 confirms the methodological approach adopted by ARERA in the previous regulatory periods. Such approach is aimed at guaranteeing stability and continuity in the regulatory framework.

The MTI-4 method is characterised by the following aspects, *inter alia*:

- extension of the duration of the regulatory period from four to six years, with two biennial updates of established tariffs (*i.e.*, the first biennial update shall occur within 30 April 2026, while the second within 30 April 2028) with possible interim adjustments based on a request promoted by the competent body due to extraordinary circumstances;
- update of the parameters underlying the regulatory scheme matrix with a consequent increase in the maximum allowable values (primarily due to inflation) falling between 5.95% (previously equal to 3.7%) and 9.95% (previously equal to 8.5%);
- financial and tax charges for the integrated water service (*servizio idrico integrato*) operator: ARERA confirmed substantial alignment with the values for other regulated sectors, defining an overall value (real, excluding the impact of inflation) of 6.13% (4.8% in MTI-3);
- electricity costs: recognition of the cost to acquire electricity incurred during the year (a-2), also valorising self-production and the operator's efforts to limit consumption without changing systems and scope. This figure should be regarded as the upper limit, as it is possible to quantify a lower value to anticipate, at least partially, the potential impact of a decrease in the cost of electricity. At the time of adjustment, MTI-4 envisages a reference benchmark relative to a theoretical acquisition mix (for 2026: 70% variable price and 30% fixed price; for subsequent years, an update to the weights is envisaged if needed). However, exception is made for the years 2024 and 2025, whereby the mechanism based on "*average sector 42 1. Report on Operations cost*" is confirmed. In addition, MTI-4 includes a deductible of 15% in addition to the benchmark (after exceeding that value any additional costs are borne by the operator), while cost efficiencies are divided between the operator and system (50% sharing). In the adjustments, amounts relative to the full recovery of electricity costs incurred in 2022 are covered, conditionally;
- adjustments: in line with previous regulatory periods, the possibility for the competent body and other relevant entities to present applications to exceed the tariff limit has been confirmed. ARERA emphasises that the mentioned application may also be motivated by the need to recover adjustments pertaining to previous years and already approved by the same relevant entity (or ARERA itself), in order to support the completion of necessary infrastructure. When assessing such application, ARERA carries out specific investigations intended to ascertain the validity of the data supplied, the efficiency of the metering service, as well as the congruence between the size of previous adjustments allowed for recovery and the resources required to achieve the necessary infrastructure. In order to limit the amount of allowable costs postponed to future period, the possibility to recover adjustments in years after 2029 is limited solely to cases in which this deferral is motivated by the need to respect the established threshold on annual growth in the tariff multiplier. Nonetheless, it is envisaged that the competent body may present, in agreement with the operator, an application for deferral accompanied by a plan specifying the years in which it intends to carry out the recovery. Also in light of the results of validation activity, it was decided to defer to a subsequent provision the definition of operating methods to recover differences between:
  1. the data communicated with reference to odd years and the values identified after the fact with reference to volumes invoiced and electricity consumption;and

2. operating costs and adjustments quantified for the establishment of tariffs relative to 2023 assuming a null inflation rate and that derived from the update of the rate, equal to 4.5%;
- adjustment of allowable operating costs: ARERA envisages the inclusion of additional costs relative to the start of the new regulations, the expansion of the scope of activities carried out (management of rainwater where the EGA exercises the ability to include this activity within the integrated water service (*servizio idrico integrato*)), as well as additional costs incurred to adjust to the new technical quality objectives;
  - incentives to promote energy and environmental sustainability: a bonus is assigned in case the objectives are achieved. Such objectives shall be identified on the basis of two new indicators: (i) "RIU – *i.e.* portion of purified volumes" which could be reused but are not destined for this purpose; and (ii) "ENE – *i.e.* quantity of electricity acquired" (for which a lower target equal to 5% has been adopted with reference to that initially proposed). These mechanisms will be applied starting from 2025.

### ***Quality of Water Fit for Human Consumption***

Legislative Decree No. 31 of 2 February 2001 ("**Decree No. 31/2001**") redefined the quality requirements for fresh water and introduced measures to guarantee the protection of fresh water sources. The law was introduced to safeguard human health from water contamination by ensuring that all water is healthy and clean.

"Water for human consumption" includes all water of any origin, prior to or following treatment, which is provided for consumption or utilised by food industries. Mineral and thermal waters are excluded from this category.

Decree No. 31/2001 established the quality requirements for fresh water on the basis of parameters and values defined in Annex I of such legislative decree. To ensure compliance with those parameters, Decree No. 31/2001 also provided for periodical water quality checks. These checks may be carried out by the operator of the integrated water services (internal monitoring) or by a local health unit (external monitoring). Water provided for human consumption had to comply with the parameters set out in Annex 1 to Decree No. 31/2001 by 25th December 2003.

With a decree dated 18 February 2023 (the "**Decree 18/2023**"), the European directive 2020/2184 concerning the quality of water, was transposed in the Italian legislative framework. The new text revises and introduces rules aimed at protecting human health from the negative effects deriving from the contamination of water intended for human consumption, guaranteeing its "healthiness and cleanliness", also through a revision of the parameters and values of health relevance.

Decree 18/2023 came into effect on 21 March 2023. This new regulation extends beyond the quality monitoring of potable water to encompass various other aspects. It addresses concerns such as water loss, access to water, user information, and includes provisions on materials in contact with water, reagents, and filtering materials. Regarding water loss, ARERA is tasked with compiling data obtained from managers in accordance with the technical quality regulations. Additionally, ARERA is required to communicate the national average of water loss to the European Commission by 12 January 2026, in alignment with the specified provisions.

### ***2023 Budget Law***

Italian law 197 of 29 December, (the "**2023 Budget Law**") became effective on 1 January 2023. Paragraphs 519 and 520 of this law pertain to the financing of the Peschiera water system.

Paragraph 519 authorizes total spending of Euro 700 million (Euro 50 million in 2023 and 2024, and Euro 100 million annually from 2025 to 2030) to improve water supply for the metropolitan city of Rome. This funding is allocated for the creation of the "new upper section of the Peschiera aqueduct, from the sources to the Salisano Plant," as part of the project to secure and modernize the Peschiera water system (listed in Annex IV, no. 8 to Decree Law 77/2021). Paragraph 520 delegates to a decree from the Ministry of Infrastructure and Transport (MIT), to be adopted in conjunction with the Ministry of Economy and Finance (MEF) by April 2023, the identification of projects to be financed with the resources established in paragraph 519. It also specifies the methods for disbursement and criteria for revoking the allocated resources, contingent upon the presentation of relevant documentation by the extraordinary commissioner.

### ***Drought Decree Law***

Decree Law 39 of 14 April 2023, converted into Law 68/2023 (the "**Drought Decree Law**") introduces urgent provisions aimed at combating water scarcity and enhancing and adapting water infrastructure. Among the various measures outlined in the Drought Decree Law there is the establishment of a "Steering Committee" for the water crisis, chaired by the Prime Minister. This committee is tasked with guiding, coordinating, and monitoring actions to address the water crisis, as well as identifying urgent projects to be implemented in the short term.

According to a Prime Ministerial press release, the inaugural meeting of the "Steering Committee" took place in May, during which priorities were set, and requests from various regions began to be reviewed. Initial projects for five regions, including Lazio, were identified during this meeting, with a total investment of Euro 102 million provided by the Ministry of Infrastructure and Transport (MIT). Furthermore, the Drought Decree Law mandates the appointment of an extraordinary commissioner, serving until 31 December 2023, with the possibility of extension until 31 December 2024. This commissioner is responsible for urgently executing the projects identified by the "Steering Committee." Nicola Dell'Acqua was appointed by the Council of Ministers on 4 May 2023 to fulfill this role.

### ***Quality Regulation Resolution No. 655/2015/R/idr***

On 28 December 2015, with Resolution No. 655/2015/R/IDR, ARERA approved the integrated text for the regulation of the contractual quality of the SII, covering the regulation on each of the single services comprised therein (the "**RQSII**"). The minimum levels and objectives of the contractual quality of the SII were defined by identifying indicators consisting of maximum time thresholds and minimum quality standards for the services to be provided to users nationwide, also determining the methods for recording, communicating, and checking the data from the services supplied by the service managers. In the event of failure to respect the specific quality standards for the individual services supplied to users, the Authority has introduced automatic indemnities to be paid to users in well-defined timeframes and methods, while for the general quality standards, referring to the overall services, a mechanism of fines was put in place. Sanctions are also provided in case of failure to respect the standards in the event of repeated breaches and in the event of such breaches being ascertained during checks by the Authority. The RQSII included 44 standards (30 specific standards and 14 general standards) concerning services involved in the start-up, management and termination of contractual relations, charging, billing, payment and division into instalments, complaints,

written requests for information and billing rectification, the management of outlets, the quality of telephone services and obligations in the event of the application of art. 156 of Legislative Decree 152/2006. The Resolution also provides for the possibility that the framework government authorities, also following a proposal by the service manager, make specific claims requesting the application of higher standards than those in the RQSII, also stating the date of their entry into force. The Italian Law no. 205/2017 introduced certain measures to strengthen (i) the protection for the end users, in cases where invoiced amounts for consumption were dated back more than two years, and (ii) disclosure obligations placed on water service operators. Then ARERA, with resolution 571/2018/R/IDR, launched a monitoring activity aimed at verifying the correct implementation of the contractual quality regulation and updating its current regulations with Resolution 547/2019/R/IDR.

### ***Quality Regulation Resolution No. 547/2019/R/idr***

#### ***The incentive mechanism of the contractual quality of the integrated water service***

In order to promote the improvement of contractual quality of the SII, ARERA, with resolution 547/2019/R/IDR, supplemented the discipline on the subject of contractual quality regulation (Resolution 655/2015/R/IDR) introducing from 1 January 2020, an incentive mechanism of bonuses/penalties, to be attributed in reason for the performance of individual managements.

The new mechanism similar to the one envisaged for the regulation of technical quality, is based on the construction of 2 macro-indicators obtained from the 42 simple indicators already envisaged by Resolution 655/2015/R/IDR: (i) MC1 "*Initiation and termination of the contractual relationship*" composed of simple indicators relating to estimates, the execution of connections and works and the activation and deactivation of services; (ii) MC2 "*Management of the contractual relationship and accessibility to the service*" composed of simple indicators relating to appointments, invoicing, meter and pressure level checks, responses to written requests and the management of contact points with users. The macro-indicators are calculated as the average of the relevant simple indicators, weighted according to the number of services provided. Based on the initial performance levels related to each macro-indicator, three classes of annual targets are identified: Class A (maintaining the starting level), Class B (with improvement of 1%), Class C (with improvement of 3%). Rewards and penalties with respect to the objective set based on the starting level are determined through a multi-stage assessment broken down into base level and level of excellence. Prizes and penalties will be quantified from 2022 onwards based on performance in each of the two previous years (just for the first year of the performance evaluation, 2020, the starting level is defined on the basis of the simple indicators recorded in 2018). This represents a further important innovation to the previous regulatory framework. In terms of contractual quality, the provision foreseen to extend the protections also to non-contractual entities that require the performance of services preparatory to the conclusion of the supply contract. If a contractual relationship is established for the supply of the water service, the operator is required to provide automatic compensation under Title X of the RQSII in the first subsequent invoice. A minimum billing frequency of not less than one month is then introduced, and details are provided on the standards for services whose execution time depends on the work of third parties (reading meters in joint consultation with chambers of commerce, in accordance with Italian Ministerial Decree 93/2017, and complex works for which works to be carried out by the user are necessary or which deeds like concessions, authorisations or easements must be requested for). The present resolution partially modifies also the provisions of the Resolution 311/2019 with regard to protection measures for users in cases of invoicing of amounts referring to consumption dating back to more than two years. Attachment B of Resolution no. 547/2019 contains provisions on the subject of disclosure obligations in the event of a two-year limitation period as per the amendments introduced by the Italian 2018 Budget Law no. 205/2017. The issue has also been

partly revised by resolution 610/2021 (The issue, in particular with regard to the suspension of the prescription, has also been partly revised by resolution 610/2021).

### **Resolution 311/2019/R/IDR "Regulation of arrears in the Integrated Water Service"**

With the enactment of the final measure, including the attached REMSI (i.e. the Regulation of arrears in the integrated water service), the directives for the management of arrears in the integrated water service in the national territory were adopted, thus concluding – after broad consultation (DCO 603/2017/R/IDR, 80/2018/R/IDR and 158/2019/R/IDR) – the process started in November 2016 with the opening of the procedure (Resolution 638/2016/R/IDR). Specifically, Resolution no. 311/2019/R/IDR, in force as of 1 January 2020:

- defines the end users that cannot be disconnected, identified as the beneficiaries of the social water bonus and the users for "Public use that cannot be disconnected" referred to in Resolution 665/2017/R/IDR (TICSI);
- regulates the formal notice procedure, requiring the operator to send an amicable payment reminder prior to the formal notice; defining the timing of the process, including the final payment deadline; and
- regulates the procedures for restriction, suspension and deactivation and supply, defining their conditions, methods and timing.

In particular, for resident domestic users, a phase of restriction of the supply with guarantee of the minimum vital quantity (50 litres/inhabitant/day) is foreseen before suspension. For this type of user, deactivation cannot be carried out except in the event of tampering with seals/flow limiters and failure to comply with the obligations for the recovery of past arrears in the previous 24 months; (i) lays down specific rules for condominium accounts, providing that no restriction/suspension/deactivation may be made against partial payments, provided that they are made in a single instalment within the deadline specified in the formal notice and equal to at least half of the amount due. If the condominium does not pay the balance within 6 months of the partial payment, the operator may restrict, suspend or deactivate the supply; (ii) sets out the situations in which the operator is required to ensure the payment in instalments of the amount in arrears and the arrangements for such payment; (iii) finally, it provides for automatic compensation in the event of non-compliance with the requirements.

### ***Regulation Year 2021 – ARERA Water Services Activities***

#### **Resolution 609/2021/R/idr - Extension of the Integrated Water Service regulations (TIMSII)**

On 21 December 2021, ARERA approved the Resolution 609/2021/R/idr, in force since 1 January 2022, which includes amendments to (i) TIMSII (Resolution 218/2016/R/IDR), (ii) the technical quality regulation (Resolution 917/2017/R/IDR), and (iii) the provisions on the transparency of invoicing documents (Resolution 586/2012/R/IDR).

As regards (TIMSII), the new resolution established the equivalence of the validated meter-reading by the user to the meter-reading carried out by the operator's personnel (with the option of communicating the user meter-reading at the operator's branches and the obligation to declare non-validation in the bill if the usual methods of communication with the user are not available).

As regards metering procedures, Resolution 609/2021/R/idr introduced two new specific metering procedures standards (minimum number of attempts to take the meter reading and



minimum notice time for attempts to take the meter reading from end users with a non-accessible or partially accessible meter);

A further relevant aspect is the introduction of specific protections for the user regarding hidden losses, with defined minimum levels of protection: (i) access for consumption of at least twice the average daily consumption; (ii) time frame for re-access to protection to be no more than three years from the date of issue of the abnormal consumption invoice; (iii) protection also for subsequent invoices for at least three months; (iv) exemption from sewerage and treatment tariffs for the volume above the reference average daily consumption; (v) for the water pipeline service, a tariff of no more than half of the basic tariff applied to the volume beyond the reference average daily consumption, with the deductible on billable volumes capped at 30%. These protections must also be explained when the contract is signed and must be described on the operator's website, with the dedicated link on the bill.

Additional information to be shown on the operator's website, with a link in the bill and with the same deadline, is provided for by EU Directive 2184/2020, regarding water intended for human consumption; also obligatory is the data for the average annual consumption of end users in the managed territory, broken down by user type.

### ***Regulation Year 2022 – ARERA Water Services Activities***

#### **Resolution 2/2022/A "ARERA 2022-2025 strategic framework"**

The strategic framework adopted by ARERA for the period 2022-2025 (the "**Strategic Framework**") establishes the objectives that will guide the development of regulation over the next four years in the electricity, gas, water, waste and remote heat sectors.

In order to direct its strategic regulation towards social, economic and environmental sustainability objectives and increase its accountability towards stakeholders, ARERA associates the objectives of the Strategic Framework with one or more objectives for the UN Sustainable Development Goals for the 2030 agenda.

The structure and contents of the Strategic Framework - divided into themes transversal to all sectors and in-depth analysis on individual sectors - are divided into two levels: strategic objectives and lines of action. The objectives frame the overall strategy based on the current and medium-term scenario, with reference both to the areas transversal to all sectors (centrality of the consumer, system innovation, simplification, transparency and enforcement of the regulatory framework), and to the specific areas of environment and energy areas and compliant with national and international legislation. The lines of action briefly describe the main measures and actions that the Authority intends to carry out to achieve each strategic objective.

With specific reference to the integrated water service, the main changes in the strategic objectives (SOs) are the following:

- SO.13 Promote the improvement of the quality and efficiency of water infrastructures: orient the investment choices of the competent subjects, towards innovative solutions with a lower environmental impact, as well as greater resilience to extreme events, connected to the climate change in progress;
- SO.16 Recognize the efficient costs for the sustainability of the management of the water service and user tariffs: declining (in an output based logic) the methods of valorising the resources destined to achieve each quality standard associated with the services provided, based on ex-post data;

- SO.18 Promote quality levels and homogeneous protections for all consumers of water services: guarantee the effective application of the "Water conservation" principle and ensure the effective application of the provisions to all final consumers (including aggregate users) introduced by the regulation.
- SO.20 Promote tools to support the reorganization of the environmental sector structures: identify and implement further measures aimed at strengthening the aggregation processes of operators and supporting the reorganization of the governance of the water sector.

**Resolution 734/2022/R/idr - Approval of the methodological note as a result of the preliminary investigation findings in the context of the procedure for the quantitative assessments provided for by the incentive mechanism of the contractual quality of the integrated water service**

ARERA established the start of the procedure for the quantitative assessments envisaged by the incentive mechanism of the contractual quality of the integrated water service, in relation to the two-year period 2020-2021, for the attribution of rewards and penalties to managers (Res 69/2022).

At the end of 2022, ARERA published the preliminary investigation results as part of the procedure for the quantitative assessments envisaged by the incentive mechanism of the contractual quality of the integrated water service (Res. 734/2022). This is the first application of the contractual quality incentive mechanism and, as a result of the checks conducted, many dozens of managements have been excluded from rewards (but not from penalties) and are exposed to the risk of sanctions for violations that can be inferred from the data communicated.

**Resolution 106/2022/R/idr - Simplified rules for the recognition and payment of the 2021 water bonus**

ARERA provided for some technical-administrative simplifications for the first disbursement of the automatic water bonus relating to the year 2021. Starting from June 2022 (and in any case after the ARERA checks on privacy for each operator), a single communication will be sent to operators containing the information relating to all the beneficiaries for the relevant year 2021. At the same time, the data for the quantification of the 2022 bonus will be sent, which will follow the ordinary procedure established with Resolution 63/2021/R/Com. ARERA reserves the right to evaluate the procedures for take into account any additional charges deriving from the application of the provision.

**Resolution 183/2022/R/Idr "Application of the incentive mechanism for the regulation of the technical quality for the years 2018-2019."**

ARERA attributed prizes and penalties to operators for the results achieved and consolidated in the two years. The performance of the operators was assessed on the basis of 5 of the 6 macro indicators of technical quality: water wastage, quality of water supplied, adequate capacity of the sewage system, quality of purified water and disposal of sludge. For the first two years, the issue of interruptions was excluded from the incentive mechanism.

ARERA assessed the results achieved by 203 managers, who serve a total of 84% of the national population by assigning a bonus to those who have achieved, maintained and improved the set objectives and a penalty to others. The rankings include several categories and the request for two years of evaluation. For the "advanced" and "excellence" levels, the prizes were paid on the basis of the size of the operator, while for the "basic" level they were calculated by dividing the bonus among all the operators who achieved the set objectives. The 66 most important positions, or the first three classifications for each indicator and for each

year, are occupied by a total of 26 manager. The operators of the Acea Group received a total of Euro 33 million in prizes in the two-year period (16.2 in 2018 and 16.8 in 2019) compared to Euro 790.00 of penalty (387,000 in 2018 and 403,000 in 2019).

**Resolution 495/2022/R/Idr - Reopening of the terms for the financial advance aimed at mitigating the effects associated with the increase in the cost of electricity on the operators of the integrated water service**

ARERA opens a second time window - starting from 1 November 2022 and no later than 30 November 2022 - within which, the EGA can formulate a request to the *Cassa per i Servizi Energetici e Ambientali* ("CSEA") for the activation of the forms of advance financial as expected from 229/2022. The operators will arrange for the repayment to CSEA by 31 December 2024, in two annual installments, the first of which due on 31 December 2023.

**Resolution 651/2022//dr - Simplified regulation for the recognition and payment of the social water bonus for the relevant years 2021 and 2022 and amendments to Annex A to the Authority's resolution 554/2022/R/com**

ARERA extends the simplified regime for the recognition and payment of the social water bonus to 2022 for operators who have not yet had access to the information necessary to pay the 2021 bonuses. The ordinary regime took effect from 2023.

***Regulation Year 2023 – ARERA Water Services Activities***

***Resolutions 216/2023/R/com, 267/2023/R/com, 304/2023/R/com, 390/2023/R/com and 565/R/com***

In response to the exceptional weather events in May 2023, ARERA issued Resolutions 216/2023/R/com, 267/2023/R/com, 304/2023/R/com, 390/2023/R/com, and 565/R/com. These resolutions suspended the payment of utility bills and payment notices for water, waste, electricity, and gas until 31 October 2023, in accordance with Decree Law 61/2023. Additionally, provisions were included regarding instalment payments of fees, suspension of arrears cases, and an update to the UI1 tariff component. Effective 1 July 2023, the UI1 tariff component is now set at €0.6 per cubic meter.

***Resolution 233/2023/E/com on consumer protection***

With Resolution 233/2023/E/com of 30 May 2023 ARERA established that, as of 30 June 2023, an obligatory settlement attempt is required also for the water sector as a condition for proceeding to legal action. Therefore, if an end the Group user decides to take legal action, an attempt for a settlement prior be proposed before the ARERA conciliation service or other alternative dispute resolution bodies. In this manner, the regulations of the comprehensive conciliation law were expanded to encompass the water sector, with the law already being in effect for the electricity and gas sectors since 1 January 2018.

The resolution also establishes specific information requirements for managers affected by these new provisions. In the first half of 2023, ARERA published the revision of its annual report on conciliation service activities for 2022. The document indicates that conciliation requests received in 2022 totalled 24,339, of which 3,184 pertain to the water sector, and among these 71.3% relates to billing, 5.2% relates to metering, 5.1% relates to contracts, 4.0% relates to connections, labour, arrears and suspension, 1.3% relates to contractual quality and 0.5% relates to technical quality. At the end of the conciliation procedure (for all regulated sectors) a satisfaction questionnaire was completed by 8,781 customers: 96% of them indicated that they were satisfied with the services received.

### ***Resolution 239/2023/R/idr - Updating balancing components***

As of 1 July 2023, the UI4 balancing component to supply the guarantee fund for water works, was eliminated by resolution 239/2023/R/idr. The component was introduced on 1 January 2020, in the amount of Euro 0.4/cubic metre, increasing the aqueduct, sewer and purification fees, and calling for a half-yearly update in relation to the requirements of the relative account held with the CSEA.

### ***Resolutions 476/2023/R/Idr and 477/2023/R/Idr on final results of the incentive mechanism application***

Resolutions 476/2023/R/Idr and 477/2023/R/Idr have been published following the methodological notes set out in Resolutions 734/2022/R/Idr and 303/2023/R/idr published by ARERA, which illustrate the definitive results of the application of the incentive mechanism for the contractual and technical quality of the water service. These notes identified the initial findings and the investigation process which was undertaken. The provisions also specify the bonuses and penalties applied to operators for the 2020-2021 period.

Acea Group received bonuses exceeding Euro 40 million and incurred into penalties amounting approximately Euro 7 million.

### ***Resolution 525/2023/R/idr - Reporting of the activities carried out by Arera in the period january 2022 - september 2023, within the strategic framework for the four-year period 2022 - 2025***

The resolution has the aim of exposing the interim reporting of the Authority's 2022-2025 Strategic Framework. Arera highlights the activities carried out in the period January 2022 - September 2023 and any deviations from what was estimated.

### ***Resolution 598/2023/E/com – Review of the Regulation of sanctioning procedures and procedural methods for the evaluation of commitments***

The Resolution 598/2023/E/com amended regulation for fine proceeding rules and procedural methods for assessing the commitments and expanding the terms of the procedure and called for a meeting in the case of connected proceedings and specifically highlighting, in line with article 11 of Law 689/81, the particular negative economic conditions of the agent.

### ***Resolution 622/2023 - Review of the methods for updating social bonuses and changes to the Authority's resolution 63/2021/R/com***

With Resolution 622/2023 Arera introduces some additions on the existing rules relating to automatic water bonus. The provision aims to resolve some critical application relating to the recognition of the social bonus. The new rules came into force on 1 January 2024. Furthermore, by November 2024, operators are required to quantify the benefit - including that for indirect users - on the actual number of members of the relevant family.

### ***Resolution 637/2023/R/idr on updates to the "Integrated Water Service Technical Quality Regulations" (RQTI)***

With Resolution 637/2023/R/idr, ARERA has adopted updates to the "Integrated Water Service Technical Quality Regulations" ("RQTI"). These updates introduce significant changes, particularly in the evaluation of quality objectives and the application of bonus (penalty) factors, which will now be assessed cumulatively on a biennial basis starting from 2024.

According to RQTI, the cumulative level reached for each macro-indicator at the end of odd years will be a key assessment criterion for applying bonuses or penalties. There is a maximum limit for both technical and contractual quality bonuses, set at 15% of the Guaranteed Revenue Constraint (GRC).

By April 30 of each year, the Entity for Water Management (EGA) must submit an archive to ARERA containing the data collection and monitoring files for RQTI, along with supporting documentation. Starting from 2026, this archive must be verified biennially by a pool of EGAs appointed by ARERA, which will include the entity locally responsible for the area in question. Failure to certify the archive, even partially, requires justification and may result in exclusion from the incentive mechanism.

Furthermore, operators can be excluded from tariff updates if they experience delays or encounter problems in meeting the prerequisites established in RQTI.

Among the main changes in the technical quality update are:

- introduction of a set number of assessment classes, applicable to all macro-indicators, with adjustments of various levels and associated objectives;
- implementation of a new macro-indicator, "M0-Water Resilience," which evaluates the water system's ability to handle frequent stresses on the water resource at both local and higher levels. M0 comprises two simple indicators: M0a (Water resilience at the level of integrated water service management) and M0b (Water resilience at a higher level), which assess the ratio between water consumption, including network losses, and water availability in the respective areas.

### ***ARERA Memorandums***

Another significant aspect of interest lies in the memorandums presented by ARERA regarding regulatory advancements in the respective sectors, along with its reports on monitoring conducted concerning the restructuring of local integrated water service assets. Particularly:

- Memo 106/2023/I/idr provides ACEA's considerations on COM (2022) 540 (Framework for Community action in the field of water policy) and COM (2022) 541 (Urban wastewater treatment), guided by the EU's Senate Policy Commission. The document is intended to provide assistance with reference to the EUR directive proposals above, in particular COM (2022) 541, relative to which considerations and proposals are offered based on technical/economic assessments. More specifically, with reference to a series of actions, less stringent schedules are requested due to the significant impact foreseen in the current structure of the proposed directive. Additionally, adjustments are requested with regards to energy neutrality objectives for treatment plants.
- Memo 178/2023/I/idr, where ARERA provides its contribution to the Law Decree Law 39 of 14 April 2023, containing "*Urgent provisions to combat water scarcity and strengthen and adapt water infrastructure*", for the purposes of its conversion into law. The aspects highlighted by ARERA include the need for projects dealing with the water crisis to be included in the National Plan for Infrastructure Interventions and Safety in the Water Sector (*Piano Nazionale di interventi infrastrutturali e per la sicurezza nel settore idrico*), for the purposes of more effective coordination of the same. ARERA also proposed the adoption of incentive mechanisms to promote efficiency and improved quality, also for uses other than

civil, while with regards to reuse of purified waste water, measures are proposed with the aim of simplifying authorisation procedures.

- Memo 232/2023/I/com, where ARERA makes reference to the VIII Environment, Territory and Public Work and X Productive Activity, Commerce and Tourism Commissions of the Chamber of Deputies for energy poverty, the disbursement of social bonuses and the waste tariff system. Specifically with regards to the water social bonus, it is noted that at present the preliminary actions allowing for automatic disbursement have been completed for around 80% of the domestic population.
- In its sixteenth interim report (Resolution 34/2023/I/idr) prepared pursuant to article 172, paragraph 3-bis of Legislative Decree 152/2006, ARERA updated the informational framework regarding restructuring of local assets in the water sector. The framework highlights the definitive completion of processes for local entities to adhere to the relative government entities in all the areas of the country and the consolidation of the process to rationalise the number of ATOs (Optimal Territorial Areas), currently equal to 62, the need to complete the process begun to achieve full implementation in certain local areas and the start, by certain Regions, of the use of substitute powers, based on the legislative changes recently introduced in Decree Law 115/22. Also worthy of note is the need to complete the assignment of the integrated water service throughout Italy, and to rapidly conclude the process of rationalising and consolidating the array of managers, in line with current regulatory provisions.
- The seventeenth interim report (resolution 323/2023/I/idr) of July 2023 does not indicate any significant changes with respect to that noted in previous analysis, with the exception of additional progress with respect to the assignment of the IWS in Campania (in April, the assignment of operations in the Irpino District to Alto Calore Servizi) and in the Sicilian ATOs of Catania and Ragusa. However, in the Campania Regional ATO, the Sanniti and Napoli Nord Districts have not yet been assigned (for the former the establishment of a mixed company Sannio Acque is planned, while for the latter in house operation is expected, through the to be established APPN, although this has recently been contested by the Antitrust Authority). In Sicily, the assignments in the Messina, Trapani, and Syracuse ATIs are still pending finalization. With an ongoing Water Service Divide, the introduction of the new company Acque del Sud SpA, set to take over from the dissolved entity for irrigation and transformation development in Puglia and Lucania (EIPLI) starting January 1, 2024, holds potential to contribute to the effective restructuring of the water supply chain. This could lead to the establishment of essential economic and environmental sustainability measures for upstream activities in Southern Italy. Moreover, since ARERA has been tasked with defining the water tariff applicable to users of Acque del Sud S.p.A., it is crucial to highlight that some sectors may benefit from regulations modelled after those developed by ARERA for the aqueduct service. These regulations aim to incentivize performance improvement by setting specific targets to minimize waste in water resource utilization and identify necessary corrective actions. Finally, ARERA has recognized the importance, in light of the impending expiration of the *Acquedotto Pugliese* concession on 31 December 2025, of establishing a sustainable operational structure in the near future. This structure should adhere to regulatory provisions regarding transfer procedures.

## NATIONAL PLAN OF PROJECTS IN THE WATER SECTOR

### Aqueducts Section

With Resolution 51/2019/R/IDR "Initiation of the proceeding concerning the necessary and urgent interventions for the water sector for the definition of the "Aqueducts" section of the National Plan, referred to in article 1, paragraph 516 of Italian Law 205/2017", ARERA renews and integrates the procedure set out in Resolution no. 25/2018/R/IDR on the necessary and urgent measures for the water sector for the purposes of defining the "aqueducts" section of the national plan for interventions in the water section to be adopted by the Italian Government (referred to in Italian Law no. 205/17) (the "**National Plan**"), providing that it take due account of the recent provisions introduced by Italian Law no. 145/18 (Italian Budget Law 2019).

In particular, ARERA considered it necessary to:

- without prejudice to the investigative activities already carried out, define the most suitable methods for identifying synergies between the interventions to be included in the various parts of the National Plan, in particular continuing the coordination between the administrations involved to adopt consistent selection criteria based on the guarantees regarding the effectiveness and speed of execution of the interventions to be financed (Italian Law 145/18);
- conduct further assessments in light of the renewed and strengthened focus that laws have placed on containing water loss (paragraph 153, art. 1 of Italian Law 145/18);
- integrate the activities aimed at defining the "aqueducts" section of the National Plan with sensitivity analyses regarding tariffs in light of the completion of operations for the planned financing instruments; and
- taking into account the characteristics of the potential beneficiaries of public resources, assess the most suitable measures to ensure the management capacity of the operator to whom the management of the works financed by the National Plan will be entrusted, as a prerequisite for an effective use of the resources granted.

With the Resolution 252/2019/I/IDR, "First list of the necessary and urgent interventions for the water sector for the definition of the 'aqueducts' section of the National Plan, referred to in article 1, paragraph 516 of Italian Law 205/2017", ARERA aim the purposes of defining a first excerpt of the "aqueducts" section of the National Plan referred to Italian Law 205/2017, as subsequently supplemented by the provisions of Italian Law 145/2018. ARERA provided an initial cluster of projects that updated and integrated the list presented in Reports 268/2018/I/IDR and 538/2018/I/IDR. These projects were identified by the competent territorial entities as necessary and urgent for the achievement of the priority objectives of achieving adequate levels of technical quality, recovery and expansion of the water tightness and transport of water resources, dissemination of tools aimed at saving water in agricultural, industrial and civil uses. The list contains 26 projects for a total of Euro 80 million over the two-year period 2019-2020. Projects not selected for this first cluster, other projects that will emerge as priorities, as well as the continuation of the activities of the selected projects may be evaluated both for the inclusion in subsequent clusters of the "aqueducts" section of the National Plan and for the use of the water works guarantee fund referred to in article 58 of Italian Law no. 221 of 28 December 2015. Resolution 425/2019/R/IDR "Regulation of the procedures for the disbursement of resources for the completion of the projects contained in Annex 1 to the Decree of the President of the Council of Ministers of 1 August 2019, concerning the 'adoption of the first excerpt of the national plan of projects in the water sector – aqueducts section', adopted pursuant to article 1, paragraph 516 of Italian Law 205/2017". With the measure ARERA regulates the conditions, terms and methods of disbursement of the resources allocated for the completion of the projects referred to in the first excerpt of the National Plan for projects in the water sector – aqueducts section. The resolution provides for

the establishment at CSEA of the account for the financing of the projects of the National Plan, aqueducts section, with the aim of supporting the planning and completion of the projects. The subsequent CSEA Circular 37/2019/IDR provides the reference body and the implementing entity with the operating instructions and the related forms for the disbursement of the advance payment for the projects.

Resolution 512/2019/R/IDR "Start of the disbursement of resources for the completion of the projects referred to in Annex 1 of Italian Prime Ministerial Decree dated 1 August 2019" concerning "Adoption of the first excerpt of the National Plan of projects in the water sector – aqueducts section". The resolution authorises CSEA to pay the first instalment of financing (advance payment of 40% of the total) for the construction of the works listed in the measure itself (23 out of the 26 works included in the first part of the plan). For the remaining works in the National Plan excerpt, the authorisation for the payment of the first instalment is postponed to the verification of the complete fulfilment of the obligations envisaged.

Resolution 58/2021/R/IDR "simplification of the procedures for the provision of resources, pursuant to Resolution ARERA 425/2019/R/Idr, for the implementation of the interventions in the first passage of the national water sector interventions plan – water pipelines section". The resolution introduces measures to simplify the procedures regulated under Resolution 425/2019/R/IDR, in order to ensure the timely provision of the resources required for the design and implementation of the relevant projects.

In 2023, several resolutions were also approved (79/2023/R/idr, 80/2023/R/idr, 188/2023/R/idr, 189/2023/R/idr; 190/2023/R/Idr; 347/2023/Idr; 348/2023/Idr) whereby ARERA authorises CSEA to disburse funding instalments for the implementation of the projects referred to in the first excerpt of the National Plan.

With the conversion into Law no. 156/2021 of the Ministry of Infrastructure Decree (Decree Law no. 121/2021), the adoption, by 30 June 2022, of the national plan for infrastructural interventions and safety in the water sector was arranged. This is one of the reforms envisaged by the National Recovery and Resilience Plan ("**PNRR**") for the sector, a single document for reservoirs and aqueducts intended to replace the National Plan in the water sector, which will be implemented in sections and updated every three years.

### **Water works guarantee fund**

Article 58 of Law 221/2015 provides for the establishment of a guarantee fund dedicated to the water sector aimed at strengthening water infrastructure throughout Italy. Since 2016, such guarantee fund is constituted within CSEA (Energy and Environmental Services Fund) and is fed by a specific component of the tariff.

Resolution 8/2020/R/Idr identifies concerns the "*definition of the management methods of the guarantee fund for water works*".

The funds of the mentioned guarantee fund are used for the following purposes:

- a) payment of the recognized terminal value; and
- b) reimbursement of certain credits claimed against the entitled operator.

Resolution 8/2020/R/Idr also highlights the requirements for the eligibility of operators and interventions. The guarantee can cover from a minimum of 30% to a maximum of 80% of the amount of the eligible financial operation.

Article 1, paragraph 271 of Italian law 213/2023 (i.e. the 2024 budget law) provides for the stipulation of an agreement by and among ARERA, CSEA and SACE S.p.A. to regulate the



criteria for identifying priority investments for the improvement of water infrastructure. Such provision also aims at ensuring the coordination and effective implementation of the guarantee interventions set out in the same law (namely in paragraphs 259-270) and in article 58 of law 221/15.

## **Treatment sludge**

Resolution 580/19 (MTI-3) introduced a new component aimed at recognising the higher cost of sludge disposal, with an exemption equal to 2% of the allowed cost. This component was also maintained by the resolution 639/2023 (MTI-4). Memorandum 179/2019/I/com "Hearing of the Regulation Authority for Energy Networks and the Environment on the draft law "Delegation of powers to the government for the transposition of European directives and the implementation of other acts of the European Union – European delegation law 2018 (AS 944)". During the hearing held on 7 May 2019 before the 14th Commission (EU Policies) that examined the Draft European Delegation Law 2018 (for the delegation to the government of the transposition of 24 European directives and other EU acts), ARERA reiterated its willingness to be involved in matters that fall within its area of responsibility. In particular, ARERA wishes to be informed both of the planned reform of the system of criteria for the acceptance of waste in landfills and the new organic rules on the use of sludge, which will amend the provisions of Italian Legislative Decree no. 99 of 27 January 1992 (use of purification sludge in agriculture). For both regulations, this is the implementation of Directive 2018/850, which is part of the so-called Package of measures on the circular economy. In this regard, ARERA agrees with the indications provided by the draft law, specifying:

- that it recently launched a fact-finding exercise on the subject with Resolution 20/2019/R/IDR, with a view to promoting the dissemination of innovative technologies and the transition to a circular economy in the wastewater treatment sector; and
- with the introduction of technical quality regulations (Resolution 917/72017/R/IDR), to have introduced a specific indicator (M5 - Disposal of sludge in landfills) aimed at minimising the environmental impact deriving from the conveyance of wastewater. Based on these elements, ARERA suggests considering its involvement, both in the review of the system of criteria for the acceptance of waste at landfills and in the review of the rules set out in Italian Legislative Decree 99/1992.

## **Waste business**

### ***The Environmental Code***

The Environmental Code promotes the development of competitive tendering of waste management service.

In particular, the regulation contained in the Environmental Code is based on the following key principles:

- wastes are classified according to their origin as "urban waste", "special waste", "hazardous waste" and "non-hazardous waste"; each Region shall be divided into ATO's and a Waste District Authority shall be established for each ATO ("***Autorità di Ambito Territoriale Ottimale***" or "AATOs"), which is responsible for organising, awarding and supervising the integrated urban waste management services (collection, transport, recycling and disposal of urban waste);
- the AATO shall draft a district plan, in accordance with the criteria set out by the relevant region;

- the municipalities' responsibilities relating to integrated waste management shall be transferred to the AATOs;
- a phasing-out of landfills as a disposal system for waste materials; and
- the order of priority of the procedures through which waste can be managed shall be the following: (i) preparation for re-use; (ii) recycling; (iii) recovery, including energy generation; and (iv) disposal.

### ***The Integrated Waste Operator***

The Environmental Code has partly modified the above-described regulatory framework, by providing that the award of the management of waste integrated cycle service is made in favour of a sole operator for each ATO by a competitive procedure to be organised by the AATOs pursuant to Art. 23-*bis* of Decree No. 112/2008, as amended by Art. 15 of Law Decree No. 135 of 25 September 2009 (converted in Law No. 166 of 20 November 2009) which sets forth the new legal regime in relation to the awarding of the local public services.

Under the Environmental Code, companies producing waste are responsible and shall be charged for waste storage, transportation, recycling and disposal. Legislative Decree No. 205 of 3 December 2010, amending the Environmental Code rules concerning the paper-based waste management system, introduced the new electronic waste monitoring system (the "**SISTRI**"), which according to article 1 of Law Decree No. 96 of 20 March 2013, became operative by 1 October 2013. Also, with respect to waste management, from August 2011, according to the rules set forth by Legislative Decree No. 121/2011, some crimes concerning waste disposal have been introduced within Decree 231.

### ***Waste Tariff Mechanism***

The Ronchi Decree replaced the urban solid waste disposal tax (so-called *Tassa per lo smaltimento dei rifiuti solidi urbani*) with a tariff regime, aimed at fully covering costs, which was based on a "price cap" method and giving responsibility to the municipalities for determining the tariff on the basis of a reference value established according to the so-called "normalised method" provided for under Presidential Decree No. 158 of 27 April 1999 ("**Decree No. 158/1999**").

The Environmental Code has assigned to each AATO the task of determining the tariff to be paid to the service operators: such tariff shall be commensurate with the ordinary average quantity and quality of waste produced by square meter in relation to the use and types of activities carried out, on the basis of general parameters determined by an ad hoc regulation of the Ministry for the Protection of the Environment and Territory.

### ***Resolution 443/2019/R/RIF - Waste Tariff Method (MTR)***

Following the consultation document 351/2019, on 31 October 2019 ARERA approved resolution 443/2019/R/rif providing the first tariff method for the integrated waste management service 2018-2021 ("**MTR**") which became the mandatory framework for the TARI fees delivered by the Territorially Competent Bodies (ETC) starting from 2020.

The main feature of MTR is to turn the previous "forecast" approach defined by the Presidential Decree no. 158/1999 ("**Ronchi Decree**") – based on the expenditures' prediction for the activities related to the hygiene services – into a "ex post" methodology which considers the most recent final data (year a-2) referable to official accounting sources. The MTR is aimed to guarantee a transparent and unambiguous accounting methodology for the sector.

More in detail, the new method uses a hybrid approach - similar to the ones applied in other sectoral regulations - with a different treatment of investment and operating costs, namely:

- capital costs rewarded according to a regulation scheme of rate of return; and
- operating costs with the application of incentive regulation schemes and with the definition of efficiency objectives on a multi-year basis.

Within the MTR, the fees for treatment and recovery and treatment and disposal activities were temporary applied as follows: a) the tariff approved and / or justified by the competent territorial body in presence of administrated tariffs; and b) in all other cases, the price charged by the plant determined following negotiation procedures. Due to the need to address deeper analysis on the technical and governance framework, ARERA postponed the tariff methodology on treatment to the second regulatory period starting in 2022.

In summary, ARERA maintained the tariff structure of the "normalised" method established by DPR 158/1999 with some modification as follows: capping methodology applied on the overall annual growth of tariff revenues; asymmetric setting (four different regulatory options available for local authorities in relation to service improvement objectives); sharing factor applied to the revenues coming from the sale of separate collected materials; an adjustment component both in relation to variable and fixed costs; introduction of two different rates of return on Net Invested Capital (WACC) for fixed assets and for ongoing investments. With regard to the WACC of the integrated waste cycle for the 2020-2021 period, it is defined as 6.3%; to this value is added a 1% increase to cover the costs deriving from the regulatory time lag between the year of recognition of the investments (a-2) and the year of tariff recognition (a).

#### ***Resolution 444/2019/R/rif – first discipline on transparency and quality of waste services***

Simultaneously to the MTR, the resolution 444/2019/R/rif defines the transparency provisions of the municipal and similar waste management service for the regulatory period 1 April 2020 – 31 December 2023, as part of the procedure started with resolution 226/2018/R/RIF. The scope of the intervention includes the minimum information elements to be made available both through websites, in the collection documents (payment notice or invoice) and individual communications to users.

In 2021, the consultation document 72/2021/R/rif proposed an enhancement of the discipline of quality, both on contractual and (partially) technical side. These measures do not include the quality regulation related to the treatment plants.

#### ***Resolution 363/2021/R/RIF – approval of the new Waster Taiff Method (MTR-2) and tariffs for treatment services***

With Resolution 363/2021/R/RIF, ARERA approved the criteria for determining cost reflective tariffs for treatment, recovery and disposal services for municipal waste applicable to the years 2022-2025.

In this context, the Waste Tariff Method for the second regulatory period "MTR-2" sets the treatment plant access tariffs according to the area (regional) planning: under their legislative jurisdiction, Regions should identify the plants essential to guarantee the "minimum" capacity in the area (otherwise the plant is considered as "additional" and the regulation is limited to disclosure rules). The eligible "minimum" plants could be landfills, organic waste and intermediate treatments, or incinerators/waste-to-energy sites, while in this first stage the material recovery activities from separated collection are considered external to the regulatory

perimeter, as the EPR (*i.e.* Extended Producer Responsibility) systems already in place cover their value chain and pursue the targets issued by the Circular Economy Package.

The plants' economic and financial plan is provided for the period 2022-2025 in accordance with the recommendations of the MTR-2 and it is submitted to the regional authority, which send it to the ARERA for the final approval.

Based on the previous methodology (MTR) with respect to the calculation of the operating and investment costs (with a rate of return scheme), MTR-2 has adopted a "revenue cap" model for determining the gate prices for the above mentioned "minimum plants": the ratio between the regulatory allowed costs (based on the official accounts for the year Y-2) and the revenues of waste treatment activities in 2021 (frozen for the whole regulatory period) is applied to the existing gate prices as an adjustment factor. Indeed, a cap on the tariff increase is adopted, depending on inflation and plant technology/innovation rate.

On the other side, an incentive mechanism for circular economy has been introduced in order to promote the economic sustainability of the treatment tariffs in the circular economy framework and specifically the EU "waste hierarchy". In line with the EU targets on recycling and reduction of landfill's disposal, the equalization mechanism of reward and penalisation aims to tackle the environmental externalities of the treatment services: the material and energy recovery is supported through an "on-top" contribution from the landfill disposal. The mechanism hits on the access fee to the plant, not on his own remuneration.

Indeed, with the Resolution 68/2022/R/rif, ARERA has established the WACC for the waste plants not integrated with the collection services. According to the methodology applied in the energy sector (TIWACC), the rate for the remuneration of the net investments is equal to 6% for the regulatory period 2022-2025.

By April 2022, Umbria and Lazio PRGR were updated to meet ARERA's criteria. The result is that the plants of Le Crete-Orvieto, San Vittore del Lazio and Aprilia were identified as "minimum" plants and consequently submitted to regulatory criteria since 2022. The condition of "minimum" is valid at least for two years, with the possibility of a renewal under regional scrutiny.

Since June 2022, the Umbria region, through the Umbrian Waste and Water Authority (AURI) and the Lazio region have started processing the development of the 2022-2025 tariffs, through the application of the information provided (*Determina* 22 April 2022, 01/DRIF/2022) from operators with "minimum" plants.

With judgement No. 486/2023, issued after the appeal proposed against MTR-2 by several private operators based in Puglia, the Administrative Court of Lombardy (TAR Lombardia) repealed the institution of "minimum plants" by the Region's act, since such programmatic competence should be exercised directly at a national level. With the Resolution n. 91/2023/R/RIF, ARERA filed an appeal with the Council of State claiming that the condition of "minimum plant" is exclusively part of the regulatory taxonomy. Consequently, the Regions have suspended the processes for tariff approvals.

### ***Rulings of the Council of State (Consiglio di Stato) 10548, 10550, 10734 and 10775***

With rulings no. 10548, 10550, 10734, and 10775, the Council of State (*Consiglio di Stato*) rejected the ARERA appeal and confirming the reasoning already expressed by the Regional Administrative Court of Lombardy, which found the classification of plants envisaged in the

MTR-2 to be illegitimate, in that the material fell under the areas of planning falling to the government.

With resolution 7/2024/R/rif ARERA took action to comply with these rulings, cancelling the tariff adjustment for "minimum" plants for 2022-2023 but at the same time confirming it for 2024-2025 (as further explained below).

***Resolution 413/2022/R/RIF - Start of proceeding for the definition of technical and qualitative standards***

With Resolution 413/2022/R/RIF, ARERA started the proceeding for the definition of technical and qualitative standards for carrying out the disposal and recovery activity pursuant to article 202, paragraph 1-bis, of legislative decree 3 April 2006, n. 152. With Resolution 732/2022/R/ rif, the proceeding was combined with the one launched with Resolution 364/2021/R/rif (aimed at determining efficient costs for separate waste collection, transport, sorting and other preliminary operations) and extended to 30 June 2023.

***DCO 214/2023 – Proposals for the definition of the EPR contribution to the services' costs and the technical and qualitative standards for the treatment plants***

Guidelines for: a) the definition of the costs of the activities of sorted collection which should be covered by the "Extended Producers' Responsibility" contribution (i.e. almost the 80% of the "efficient" costs assessed by ARERA, as established by legislative decree n. 116/2020); b) the introduction of the first technical and qualitative standards for the plants (both disposal and recovery services).

***Resolution 385/2023/R/rif - Basic service contract scheme to govern relations between awarding entities and urban waste management service operators***

Resolution 385/2023/R/rif "Basic service contract scheme to govern relations between awarding entities and urban waste management service operators" which follows the guidelines presented with the cited DCO 262/2023/R/rif.

***Resolution 386/2023/R/rif – Establishment of equalisation systems in the urban waste sector***

Resolution 386/2023/R/rif, which incorporates the proposals outlined in DCO 611/2022/R/rif, does not confirm the introduction of the equalization instrument associated with the waste hierarchy for plans. This aspect has been postponed to the next regulatory period.

***Resolution 387/2023/R/rif – Monitoring and transparency obligations for efficiency in separated waste and urban waste treatment plants***

Resolution 387/2023/R/rif introduced initial regulations for quality for plants, encompassing both technical and contractual and commercial aspects. This includes the management of processing waste and handling of complaints and written requests from users, as well as monitoring service interruptions. Acea has implemented specific compliance measures to collect and record information, make adjustments to contracts, and update its website accordingly.

However, despite establishing initial monitoring and reporting obligations, the provision did not introduce service standards correlated to bonus and penalty mechanisms, as previously announced in DCO 214/2023/R/rif.

### ***Resolution 389/2023/rif – Two year update (2024-2025) of the waste tariff method (MTR-2)***

Confirmation and update of the overall framework for setting plant access tariffs, as outlined in resolution 363/2021/R/rif, entails specifically updating the tariff for the period 2024-2025 (based on updated data from 2022-2023) by April 30 April 2024. Subsequently, with resolution 465/2023/R/rif, ARERA reaffirmed the provisions aligned with the Council of State ruling 7196/23, particularly regarding the deduction of the tariff allocated for the integrated management of costs/revenue related to pre-cleaning, pre-selection, or pre-processing of plastic packaging derived from separated waste.

### ***Resolution 7/2024/R/rif – Compliance with the rulings of the Council of State regarding tariff regulation of waste treatment plants,***

This resolution confirms the indications set out in the Ministerial Decree 24 June 2022, n. 257, now fully integrated into the MTR-2. Furthermore, a removal of the tariff regulation for the two-year period 2022-2023 and consequent start from the two-year period 2024-25 (pursuant to resolution 389/2023/R/rif), with substantial confirmation of the methodology already adopted without prejudice to the necessary updating of the previous time references. Finally, with this resolution ARERA modifies the WACC for the minimum plants from 6% to 6.6% for 2024 and 2025, taking note of the activation of the trigger mechanism (and the consequent update of the WACC) envisaged by the TIWACC for the infrastructure services in the electricity and gas sectors.

### ***Resolution 27/2024/R/rif – definition of the directives for accounting and administrative separation in the urban waste sector***

Resolution 27/2024/R/rif marks the commencement of ARERA's process to establish guidelines for accounting and administrative separation within the urban waste sector. The aim is to implement these regulations starting in the upcoming regulatory period, in 2026.

These notable aspect of these measures, which represents a significant advancement in environmental legislation, is the specification of the required percentages for separate waste collection in the years ahead. This includes targets to be met by 2035, with intermediate milestones set for the periods spanning from 2020 to 2030 and from 2030 to 2035.

### ***Resolution 72/2024/R/rif - Confirmation of the measures referred to resolution 7/2024/r/rif, for compliance with the sentences of the Council of State regarding minimum waste treatment plants***

In addition to confirming what was established in resolution 7/2024, ARERA explicitly postpones the plant equalization mechanisms to the third regulatory period (starting from 2026) and the extension to 06/30/2024 of the deadline for sending the tariff preparation for the systems.

### ***Rulings of the Council of State (Consiglio di Stato) n. 002255***

The Council of State (second section) has reformed a previous judgement by revoking Resolution 363/2021/R/Rif and approving the second MTR – 2 and the consequent acts of the Puglia Region. It also has confirmed the territorial incompetence of the Administrative Court of Lombardy (*TAR Lombardia*) regarding the National Program for Waste Management (PNGR), adopted by decree no. 259 of 24 June 2022 of the Ministry of the Ecological Transition.

## Energy business

### *EU Energy Regulation: The Third Energy Package*

The European Union is active in energy regulation by means of its legislative powers, as well as investigations and other actions carried out by the European Commission. In 2009, the European institutions adopted several directives and regulations aimed at completing the liberalisation of both electricity and gas markets (the "**Third Energy Package**"). In particular, the Third Energy Package contemplates the separation of supply and production activities from transmission network operations. To achieve this goal, Member States of the European Union may choose between the following three options:

- full ownership unbundling. This option entails vertically integrated undertakings selling their gas and electricity grids to an independent operator, which will carry out all network operations;
- Independent System Operator ("**ISO**"). Under this option, vertically integrated undertakings maintain the ownership of the gas and electricity grids, but they are obliged to designate an independent operator for the management of all network operations; and
- Independent Transmission Operator ("**ITO**"). This option is a variant of the ISO option under which vertically integrated undertakings do not have to designate an ISO, but need to abide by strict rules ensuring separation between supply and transmission.

The Third Energy Package also contains several measures aimed at enhancing consumers' rights, such as the right: (i) to change supplier within three weeks and free of charge; (ii) to obtain compensation if quality targets are not met; (iii) to receive information on supply terms through bills and company websites; and (iv) to see complaints dealt with in an efficient and independent manner. The third energy package also strengthens protection for small businesses and residential clients, while rules are introduced to ensure that liberalisation does not cause detriment to vulnerable energy consumers.

Finally, the Third Energy Package provides for the creation of a European Union agency for the coordination of national energy regulators, which will issue non-binding framework guidelines for the national agencies. It is expected that this will result in more harmonised rules on energy regulation across the European Union.

As envisaged in the Third Energy Package, in March 2011 the Agency for the Cooperation of Energy Regulators ("**ACER**") began operations. ACER replaces and strengthens the European Regulators Group for Electricity and Gas ("**ERGEG**"). ACER coordinates the actions of the national regulatory authorities in the energy sector and its main responsibilities are:

- establishing and regulating the rules governing European electricity and gas networks;
- establishing and regulating the terms and conditions for access to (and operational security for) cross-border infrastructures where national authorities are in disagreement; and
- implementing the Ten-Year Network Development Plan ("**TYNDP**").

In Italy, the principles provided under the Third Energy Package (in particular, EU Directives 2009/72/EC, 2009/73/EC and 2008/92/EC), have been recently implemented by means of Legislative Decree No. 93 of 1 June 2011, published in the Official Gazette on 28 June 2011 (Legislative Decree 93/2011).

The main provisions of Legislative Decree 93/2011 include:

- (i) unbundling of the Transmission System Operator (TSO). In the electricity sector, the unbundling between grid ownership and generation activity has been confirmed and the TSO is expressly prohibited from operating power generation plants. For the gas sector, an Independent Transmission Operator model has been adopted, with a vertically integrated ownership structure, more stringent functional separation rules and wider control and approval powers assigned to the ARERA;
- (iii) integration of renewable energy sources generation into the electrical system more efficiently; and
- (iv) exemption from the third party access ("TPA") obligation in respect of new interconnection infrastructure.

With reference to the electricity sector, the duration of the exemption from the TPA obligation (for a maximum of 50 per cent. or 80 per cent. of new capacity) will be set on a case-by-case basis and the exemption will elapse if the relevant works are not started or the relevant infrastructure has not entered into operation within the time limits set out in the relevant exemption measure. With reference to the gas sector, in addition to the time limit provided by the relevant exemption measure, the new rules provide for a 25 year cap for the duration of the exemption and for the activation of an open season procedure in order to assess the interest of third parties in the relevant infrastructure notwithstanding the TPA exemption.

### ***Italian Energy Regulation***

The Ministry for Economic Development ("**MED**") and the ARERA share the responsibility for overall supervision and regulation of the Italian electricity sector. In particular, the MED establishes the strategic guidelines for the electricity sector, while the ARERA regulates specific and technical matters. The ARERA, *inter alia*:

- sets electricity and gas distribution tariffs, as well as the price for previously regulated (or "captive") customers, which have not yet chosen a different supplier;
- formulates observations and recommendations to the Government and Parliament regarding the market structure and the adoption and implementation of European Directives and licenses or authorisations;
- establishes guidelines for the production and distribution of services, as well as specific and overall service standards and automatic refund mechanisms for users and consumers in cases where standards are not met and for the accounting and administrative unbundling of the various activities under which the electricity and gas sectors are organised;
- protects the interests of customers, monitoring the conditions under which the services are provided, with powers to demand documentation and data, to carry out inspections, to obtain access to plants and to apply sanctions, and determines those cases in which operators should be required to provide refunds to users and consumers;
- handles out-of-court settlements and arbitrations of disputes between users or consumers and service providers; and
- reports to the Italian Antitrust Authority (the "**AGCM**") any suspected infringements of Law No. 287 of 10 October 1990 by companies operating in the electricity and gas sectors.



Furthermore, according to Legislative Decree 93/2011, the ARERA establishes rules aimed at:

- achieving the best quality level in the electricity and natural gas sectors;
- protecting vulnerable customers; and
- removing obstacles that could prevent the access of new operators to the electricity and gas market.

In addition to regulation by the ARERA, the AGCM also plays an active role in the energy market in ensuring competition between suppliers and protecting the rights of clients to choose their suppliers.

### ***Italian Electricity regulation***

On 1 April 1999, Legislative Decree No. 79 dated 16 March 1999 (the "**Bersani Decree**") implementing Directive 96/92/EC, became effective in Italy. It began the transformation of the electricity sector from a highly monopolistic industry to one in which energy prices charged by generators will eventually be determined by competitive bidding and provided for a gradual liberalisation of the electricity market so that customers whose annual consumption of electricity exceeds specified amounts ("**Eligible Customers**") will be able to contract freely with power generation companies, wholesalers or distributors to buy electricity.

The Bersani Decree established a general regulatory framework for the Italian electricity market that gradually introduces competition in power generation and sales to Eligible Customers while maintaining a regulated monopoly structure for transmission, distribution and sales to Non-Eligible Customers. In particular, the Bersani Decree and the subsequent implementing regulations:

- as of 1 April 1999, liberalised the activities of generation, import, export, purchase and sale of electricity;
- as of 1 January 2003, provided that no company shall be allowed to generate or import, directly or indirectly, more than 50 per cent. of the total electricity generated in and imported into Italy, in order to increase competition in the power generation market;
- provided for the establishment of the *Acquirente Unico* (the "**Single Buyer**"), the company who shall stipulate and operate supply contracts in order to guarantee franchise clients the availability of the necessary generating capacity and the supply of electricity in conditions of continuity, security and efficiency of service, as well as parity of treatment, including tariff treatment;
- provided for the creation of the "power exchange" (the "**Power Exchange**"), a virtual marketplace in which producers, importers, wholesalers, distributors, the operator of the national transmission grid, the Single Buyer and other participants in the free market, buy and sell electricity at prices determined through a competitive bidding process;
- provided for the creation of the Market Operator; and
- provided that the activities of transmission and dispatching are reserved exclusively to the State and attributed under concession to the operator of the national transmission grid, while the activity of distribution of electricity is performed under a concession regime under the authority of the Ministry of Productive Activities.

In addition, Law No. 290 of 27 October 2003 required the reunification of ownership and management of the transmission grid. Law No. 239 of 23 August 2004 (the "**Marzano Law**")

reorganised certain aspects of the electricity market regulatory framework, including the limitation of the "captive market" to households pursuant to Directive 2003/54/EC concerning common rules for the internal market in electricity and repealing Directive 96/92/EC.

Law Decree No. 73/2007, as enacted into law through Law No. 125/2007, adopted urgent measures to place into effect EU market liberalisation requirements, including the following:

- a requirement for separating corporate functions into distribution, on the one hand, and electric energy sales, on the other;
- powers are assigned to the ARERA to adopt measures for the functional separation (pursuant to EU Directives 2003/54/EC and 2003/55/EC) of the administration of electric and gas infrastructure from non-related operations for the purpose of ensuring infrastructural administration that is both independent and transparent; and
- as of 1 July 2007, domestic end users have the right to withdraw from their pre-existing electricity supply contracts according to the procedures established by the ARERA which allow them to select a different electricity provider. If the end user does not select a provider, domestic end users not supplied with energy on the open market are guaranteed supply by the distributor or the distributor's affiliate. The responsibility for supplying such clients remains with the Single Buyer, a company formed pursuant to Article 4 of the Bersani Decree.

For those end users that decide not to purchase electricity on the open market, the regulations provide as follows: (i) households and small businesses that have fewer than 50 employees, lower than Euro 10 million of turnover, and low levels of electricity consumption may access a regulated market ("*servizio di maggior tutela*") for which the ARERA establishes the electricity tariffs; and (ii) all businesses not included among those described in the preceding point (i) have access only to the "safeguarded market" which guarantees the supply of electricity but typically at higher than market rates, to incentivise to this category of business to access the open markets.

### ***ARERA 2020-2022 Strategic Plan***

With resolution 242/2019/A, ARERA confirmed the strategic guidelines set out in the consultation document 139/2019/A that guided the Authority in the period 2019-2021 and outlines the strategic objectives and main lines of action.

ARERA particularly focuses on: 1) the protection and awareness of the final customer, 2) the simplification of flows, 3) the orientation of developments and investments and 4) the innovation of the system to be achieved, including through experimental projects.

### ***ARERA 2022-2025 Strategic Plan***

With Resolution 2/2022/A, ARERA approved its strategic plan 2022-2025 (the "**ARERA Strategic Plan**") which focuses on consumer protection and awareness, through – amongst others – communication, digitisation, sustainable energy transition across the energy and environmental sectors, the improvement of infrastructure, services and competition.

The document shows the strategic guidelines that will guide the period included between 2022 and 2025 for all regulated sectors. The following strategic objectives are highlighted, *inter alia*:

- OS.5: Promoting innovation (promotion of incentive mechanisms aimed at rewarding the "early adopter" operators of the available technological innovations);

- OS.6: Directing strategic regulations towards social, economic and environmental sustainability;
- OS.15: Supporting the development and efficiency of district heating infrastructure (promoting high-quality district heat infrastructure, energy efficiency and environmental sustainability); and
- OS.21: Developing efficient and integrated electricity markets for energy transition (with numerous lines of intervention to ensure sufficient levels of flexibility and adequacy to the system, as well as the development of decentralised renewable generation plants, storage capacity and new forms of self-consumption, also in collective form, and the active participation of consumers).

### ***Electric Generation***

Law Decree No. 34 of 31 March 2011 (the "***Omnibus Decree***") liberalised the regime for electricity generation. In order to increase the level of competition in the market, the *Omnibus Decree* provided that, as of 1 January 2003, no single electricity generation company shall be allowed to generate or import, directly or indirectly, more than 50 per cent. of the total electricity generated in and imported into Italy.

### ***Hydroelectric Generation***

By way of Law Decree No. 83 of 22 June 2012 (the "***Development Decree***"), the Italian government issued certain regulations designed to facilitate the way in which tenders are carried out. More specifically, Article 37 of the *Development Decree* provides that five years prior to the expiration of a large water concession, the competent authority shall launch a public tender for the assignment, subject to the payment of consideration, of such large water concession, in accordance with local regulations and the fundamental principles of competition protection, freedom of establishment, transparency and non-discrimination. Such new concession shall be for a period of 20 years, up to a maximum of 30 years, depending on the required level of investment.

In addition, in relation to large water concessions which either have already expired or are due to expire earlier than 31 December 2017 (in relation to which the afore mentioned five-year limit would not be applicable), the new provisions have established a special transitional regime, under which the relevant tenders must be called within two years of the effective date of the implementing ministerial decree (as per Article 12, paragraph 2 of Legislative Decree No. 79 of 16 March 1999), and the new concession will start at the end of the fifth year following the original expiry date and in any case no later than 31 December 2017.

Article 37 of the *Development Decree* further establishes that the out-going concession holder has to transfer any new concession holder its relevant division. The consideration to be paid to the concession to the out-going concession holder shall consist of an amount previously agreed between the out-going concession holder and the relevant authority, to be expressly indicated in the tender notice. In order to compensate the out-going concession holder for any investments made on the plants, such amount has to be calculated taking into account (i) in respect of dams, penstocks, drains and pipes, the re-valued historical cost, reduced to take into account any public contribution received by the concession holder for the construction of such assets and the ordinary wear and tear, and (ii) in respect of any other assets of the plant, the market value, intended as the value of the new construction of the assets reduced to take into account ordinary wear and tear. If no agreement can be reached between the out-going concessionaire and the granting administration on the amount of the consideration, such amount shall be established by means of an arbitration procedure.

### ***Promotion of Renewable Resources***

In 1992, the Interministerial Price Committee, an Italian governmental committee, issued Regulation 6/1992 ("**CIP-6**"), which established incentives for new generation plants using renewable resources and for the sale of electricity produced from renewable resources. In November 2000, the MED issued a decree that transferred all energy produced from renewable resources under the CIP-6 regime to the Market Operator as of 1 January 2001.

Under current regulations, an electricity services operator is required to purchase all CIP-6 electricity generated by the CIP-6 producers in order to resell it to Eligible Customers and, since 2004, also to the Single Buyer. The Market Operator sells the so-called green certificates representing electricity from renewable resources purchased from CIP-6 producers ("**Green Certificates**").

The Bersani Decree provided that, starting in 2001, all companies producing or importing more than 100 GWh of electricity generated from conventional sources into the national transmission grid in any year must, in the following year, introduce into the national transmission grid an amount of electricity produced from newly qualified renewable resources (the "**Renewable Obligation**"), initially equal to at least 2 per cent. of the amount of such excess over 100 GWh, net of co-generation, self-consumption and exports (the "**Green Certificates Quota**" – that is, the amount of renewable energy such companies are required to produce). Electricity from renewable resources may be produced directly or purchased from other producers who have obtained tradable Green Certificates representing a fixed amount of electricity certified as generated from renewable resources.

On 6 April 2009, the Council of the European Union adopted the final text of a directive setting a common EU framework in the field of the promotion of energy from the renewable resources.

The main objective of the directive was the achievement of a 20 per cent. share of energy from renewable resources in the EU's final consumption of energy by 2020. In light of this objective, for the first time, Member States were assigned mandatory individual targets for the share of renewable energy sources in final energy consumption. For Italy, this target was set at 17 per cent. in comparison to the 5.2 per cent. it had been assigned in 2005. Pursuant to EU Directive No. 2009/28/EC and to the statutory criteria of Law No. 96/2010, in March 2011, the Legislative Decree No. 28/2011 on the development of renewable sources was passed. The Decree defined tools, technicalities and the criteria the incentives regime must be based on in order to achieve the 2020 renewables objectives. The incentive regime for the production of energy from renewable sources is currently governed by two Ministerial Decrees dated 5 and 6 July 2012 (the first fixes the feed-in tariffs for energy produced by photovoltaic plants and the second ruling governs incentives for energy produced by renewable sources other than solar power).

### ***Amendments to Regulations Governing Green Certificates***

In addition to (i) providing for an annual increase (0.75 per cent.) for the years 2007 to 2012 in the obligation to generate/import electricity from renewable resources as a percentage of the conventional electricity generated/imported in the preceding year and produced by conventional sources, (ii) establishing the incompatibility of the Green Certificate system with other incentives regimes and (iii) fixing the validity period of the Green Certificates in 15 years, Law No. 244/2007 (the so-called "Budget Law for 2008"), with reference to power plants coming in line after 31 December 2007, updated the rules on Green Certificates and reintroduced a support mechanism (recognition of a comprehensive rate) for electricity generation from renewable resources by certain small power plants.

Legislative Decree No. 28/2011 subsequently revised the matter, decreasing the percentages of obligations (the "**Green Certificates Quota**" – that is, the amount of renewable energy such companies are required to produce) linearly until 2015, set as the expiry date of the Green Certificates system.

The updated Green Certificate rules provided under the Budget Law for 2008 and Legislative Decree No. 28/2011:

- differentiate recognised Green Certificates by source using co-efficients that are adjusted every three years;
- calculate the price of Green Certificates issued by the Market Operator (pursuant to Article 11(3) of the Bersani Decree) as the difference between Euro 180/MWh (value updated every three years) and the average annual price of electricity as established by the ARERA; and
- provide that, until the relevant national target set by the European Union has been met, at the request of the generator, the Market Operator can withdraw any Green Certificates (expiring that year) in excess in respect of those needed to meet the relevant obligation.

The above-mentioned MED Decree issued on 6 July 2012 pursuant to Legislative Decree No. 28/2011 defines new rules to access the incentive system from January 2013, as well as the related transitional system. In particular, with the aim of supporting electricity production from renewable sources, the Ministerial Decree of 6 July 2012 defines new incentives applicable to the production of electricity from sources such as wind, water, geothermal, biomass, biogas and bioliquids. The Decree is applicable to plants which: are new, fully rebuilt, re-activated, have been subject to an enhancement in power or have been refurbished, have a power output of at least 1 kW and that start operating (*i.e.* are connected in parallel to the electric system) after 31 December 2012.

### ***Photovoltaic power plants***

Photovoltaic solar plants benefit from a feed-in premium tariff on top of the price of the electricity generated (the so called "**Conto Energia**"). The Conto Energia has been regulated in previous years by several ministerial decrees (so-called "**First, Second, Third and Fourth Conto Energia**"). Currently, the incentive regime applying to solar plants is provided for by ministerial decree dated 5 July 2012 (so-called "**Fifth Conto Energia**"). The feed-in tariffs set forth under the Fifth Conto have a comprehensive nature, including both the incentive component and the remuneration of the electricity produced.

GSE is entitled to conduct inspections on the plants and to revoke the incentives in case of discrepancy between the documentation and design submitted to the GSE within the application for incentives and the works realised as well as in case of false statements rendered by the operator to the GSE in order to achieve the incentives.

### ***CO2 Emissions***

In the framework of the Kyoto Protocol, in 2003, the EU adopted Directive 2003/87/EC (the "**Emissions Trading Directive**") establishing a scheme for greenhouse gas emission allowance trading. In October 2004, the EU also passed another directive, Directive 2004/101/EC (the "**Linking Directive**"), amending the Emissions Trading Directive to allow further flexible mechanisms for limiting greenhouse gas emissions. Both the Emissions Trading Directive and the Linking Directive have been implemented in Italy by Legislative Decree No. 216/2006.

Pursuant to the aforementioned European Directives, the power generation sector in Europe is required to participate in the European Union Emissions Trading System, a market-based system for reducing greenhouse gas emissions. Operators are expected to reduce their emissions by 21 per cent. by 2020. On 1 January 2013, the third phase of implementation of the aforementioned Directives, to take place between 2013 and 2020, began. This phase envisages a series of major changes introduced by Directive 2009/29/EC and subsequent regulations in order to improve the efficiency, transparency and effectiveness of the system.

The main change regards the method for allocating emissions allowances. The free allocation of allowances will gradually be replaced by an auction system. The power generation sector will be required to purchase 100 per cent. of its allowances through auctions as from January 2020. During the final months of 2012, 120 million phase three allowances were sold through "early auctions". The allowances pertaining to Italy, Spain and Slovakia represent 9.4 per cent., 8.4 per cent. and 1.5 per cent., respectively, of the total allowances available at the European level for phase three. The proceeds of the auctions are managed by the Member States, which must, however, use at least 50 per cent. of the revenues to finance projects involving low carbon technologies (CO<sub>2</sub> capture and storage, renewable resources, etc.). Another major innovation is the monetization of the allowances in the NER 300 (a financing instrument managed jointly by the European Commission, European Investment Bank and Member States) reserve by the European Investment Bank, the proceeds of which will be used to finance pilot projects in the innovative renewable resources field and in CO<sub>2</sub> capture and storage technologies. The allowances (300 million European Union Allowances ("EUA"), *i.e.* the quotas allocated by the national allocation Plans within the EU Emission Trading Scheme ("ETS")) will be sold on the OTC market, regulated exchanges and through auctions. The sale of the first 200 million allowances was completed in November 2012. The remaining 100 million will be monetized subsequently by the European Investment Bank.

In response to the excess supply of allowances on the ETS market, the European Commission decided to postpone the sale of a portion of allowances to be auctioned to the end of the third phase in order to reduce short-term supply (the backloading option) and to set a structural reform of ETS in the long term. The European Parliament and Council were asked to amend the EU ETS Directive to formally enable the Commission to take such a step. On 10 December 2013 the European Parliament approved the proposal to amend the EU ETS Directive in order to clarify the power of intervention of the European Commission and to allow the provisional retirement of 900 million quotas from CO<sub>2</sub> allowances. The European Council expressed on 16 December 2013 its approval adopting this amendment. Following this, the Committee for Climate Change approved on 8 January 2014 the backloading option for the provisional retirement of quotas for 2014-2016. The proposal is being examined by the European Parliament and Council.

A reform of the criteria for the allowances within the 4<sup>th</sup> phase of ETS mechanism is currently under discussion in the EU Parliament. The main proposal is to extend the sectors eligible for the mechanism, including waste-to-energy plants, transports and buildings.

### ***Wholesale market***

The Power Exchange is a marketplace for the spot trading of electricity between producers and consumers under the management of the Market Operator. It began operations on 1 April 2004. Producers can sell their electricity on the Power Exchange market at the system marginal price defined by hourly auctions. Alternatively they can choose to enter into bilateral contracts and, in this case, the price is agreed with the other counterparty.

One of the most important participants on the Power Exchange market is the Single Buyer, a company the sole quota holder of which is the Market Operator which is wholly-owned by the Italian State. The Single Buyer has the goal of ensuring continuous, secure, efficient and competitively-priced electricity supply to clients remaining in the "Universal Service" regime (consisting, since 1 July 2007, of residential clients and small business clients that have not chosen a supplier in the market), in order to enable them to reap the benefits of the electricity liberalisation process. The Single Buyer is the largest wholesaler in the market, purchasing about 30 per cent. of the total national demand. The Single Buyer purchases electricity on the Power Exchange market through bilateral contracts (including contracts for differences) with producers, and imports electricity.

The total payments by the Single Buyer to electricity producers for its purchases, plus its own operating costs, must equal the total revenues it earns from energy sales to the retail companies operating within the regulated market under the regulated price structure. As a consequence, the ARERA adjusts reference prices from time to time to reflect the ones actually paid by the Single Buyer, as well as other factors.

Other participants in the Power Exchange market are producers, integrated operators, wholesalers and some large electricity users. The ARERA and AGCM constantly monitor the Power Exchange to ensure that it reaches the expected goals: improving competition between electricity producers and enhancing the efficiency of the Italian electricity system.

The electricity generated can be sold wholesale on the organized spot market ("**IPEX**"), managed by the Energy Markets Operator ("**EMO**"), and through organized and over-the-counter platforms for trading forward contracts. The organized platforms include the Forward Electricity Market ("**FEM**"), managed by the EMO, in which forward electricity contracts with physical delivery are traded, and the Electricity Derivatives Market ("**IDEX**"), managed by *Borsa Italiana*, where special derivative instruments with electricity as the underlying asset are traded.

Generators may also sell electricity to companies engaged in energy trading, to wholesalers that buy electricity for resale at a retail level, and to the Single Buyer, whose duty is to ensure the supply of energy to enhanced protection service customers.

In addition, for the purpose of providing dispatching services, which is the efficient management of the flow of electricity on the grid to ensure that deliveries and withdrawals are balanced, electricity generated may be sold on a dedicated market, the Ancillary Services Market ("**ASM**"), where Terna S.p.A. ("**Terna**") procures the required resources from producers. The ARERA and the MED are responsible for regulating the electricity market. More specifically, with regard to dispatching services, the ARERA has adopted a number of measures regulating plants essential to the security of the electrical system. These plants are deemed essential based on their geographical location, their technical features and their importance to the solution of certain critical grid issues by Terna. In exchange for being required to have electricity available and providing binding offers, these plants receive special remuneration determined by the ARERA. Since the launch of the market in 2004, the regulations have provided for a form of administered compensation for generation capacity. In particular, plants that make their capacity available for certain periods of the year when demand is typically high receive a special fee.

### ***Distribution***

The Bersani Decree provides that distribution services shall be performed on the basis of concessions issued by the former Ministry of Industry (now the MED). The current distribution

companies will continue to perform that service on the basis of concessions issued by the Ministry of Industry in 2001, expiring on 31 December 2030.

The distribution companies are required to connect to their networks all parties who request connection, without compromising the continuity of the service and in compliance with the applicable technical regulations and provisions.

Moreover, the ARERA set a strict regulation concerning functional unbundling in order to guarantee the independence between the separated activities.

### ***Efficiency in the end usage of energy***

The distribution companies of electricity are required by Decree Bersani to undertake energy efficiency measures for the final user that are in line with pre-defined quantity targets fixed by ministerial decree. The companies that achieve such energy saving targets are entitled to receive, from the regulator of the electricity market, the Energy Efficiency Certificates ("**TEE**"), also called "*White Certificates*", (i.e. an incentive mechanism to save energy, into force starting from 1 January 2005) and to sell such certificates, by means of bilateral contracts or on a specific market instituted and regulated by GSE in agreement with the ARERA, to (other) companies who cannot meet their targets.

The foregoing incentive mechanism was regulated by certain Decrees of 20 July 2004, subsequently amended and updated in 2007, which set national energy savings targets for the period 2005-2012. The targets must be achieved each year by distribution companies.

To demonstrate that they have achieved their targets and avoid penalties, distributors must deliver a number of certificates at least equal to a specified percentage of their requirement to the ARERA by May 31 of each year.

In April 2017, the new decree on the White Certificates came into force, implementing the provisions of Legislative Decree No. 28 of 3 March 2011 and Decree Law No. 102 of 4 July 2014. According to the decree, the national objectives to be achieved in the period 2017-2020 through the mechanism of the White Certificates and the White CAR Certificates.

### **Resolution 654/2015/R/eel – Tariff regulation on electricity transmission, distribution and metering services, for the regulation period 2016-2023.**

The resolution approves the "Consolidated Code on rules and regulations for electricity distribution and transmission services" ("**TIT**"), the "Consolidated Code on rules and regulations for electricity metering services" ("**TIME**") and the "Consolidated Code on economic terms for the provision of connection services" ("**TIC**"), coming into effect from 1 January 2016.

In particular, the new rules and regulations for calculating tariffs in the new regulatory period, the result of a complex consultation process with the publication of numerous documents (including 5/2015/R/eel; 335/2015/R/eel; 446/2015/R/eel and 544/2015/R/eel):

- extended the duration of the period to 8 years (2016-2023), divided into two half-periods of 4 years each: NPR1 (2016-2019) and NPR2 (2020-2023);
- define the criteria for calculating the recognised cost (operating, capital and depreciation); and
- provided for the new fee structure.



In particular, with reference to the transmission tariff, ARERA:

- introduced the binomial cost tariff structure for the transmission service (CTR) applied by Terna to distributors at the interconnection points with an energy component and a power component calculated using the average maximum monthly power withdrawn from interconnection points as a driver, considering only the net energy withdrawn from the national grid (RTN);
- confirmed the same structure, in force also in the last regulatory period, for the compulsory transmission tariff (TRAS) applied by distributors to end users; and
- the equalisation mechanism of transmission costs based on the recognition of higher costs for the distributor, deriving from the difference between the above-mentioned fees, has been reintroduced.

Concerning the tariff of reference TV1(dis), allocated to cover distribution and marketing costs, the ARERA confirms the application of a monomial fee, on the basis of the number of withdrawal points, and therefore independent of the service volumes supplied, differentiated by voltage levels, except for types of contracts for public lighting users and public LV electric vehicle recharging, the fee of which is based on a tariff expressed in euro cents/kWh.

There is no structural change to the obligatory distribution tariff applied to non-domestic end users, nor to the equalisation mechanism of distribution revenues (inclusive of bi-monthly advance payments).

With reference to the regulation of the metering service, as well as defining the criteria for calculating the recognised cost and the remuneration tariffs of distributors providing the service, the measure also requires that:

- the obligation of data gathering is introduced for the subject responsible for measuring the actual peak demand in the month divided into bands, when possible for that meter; and
- further in-depth considerations are made concerning the hypothesis of evolution of the metering service regulation.

In 2019, with the Resolution 126/2019/R/eel – Start of procedure for the update within the period of the regulation of the tariffs and of the quality of the transmission, distribution and measurement of electricity, ARERA started a procedure for the formation of measures relating to the infra-period update (2020-2023) of the regulation of tariffs and quality for the transmission, distribution and measurement of electricity.

Regarding the Totex approach, with the consultation document 683/2017/ R/eel, the Authority highlighted the need to adopt a path of preparatory activities for the introduction of the Totex method that will be longer than the initial starting on 2020. Furthermore, the distributors have proposed that the Totex approach be applied by the 2024 to ensure the necessary graduality in the introduction of the new approach, also taking into account the differences between the starting points in the different activities, in particular with reference to the planning with forward-looking mechanisms. The Authority provides for the introduction of the new tariff logics starting from next regulatory period (2024), meanwhile the infra-period update of the tariff regulation will have as its object the review of the operating cost base and the productivity recovery rate (Xfactor) for the NPR2 half-period, including the costs of the 2G measurement service.

With Resolution 568/2019/R/eel – Update of the tariff regulation of electricity transmission, distribution and metering for the 2020-2023 interim regulatory period – and the several consultation documents and requests for information before, ARERA updated the tariffs and the quality of electricity transmission, distribution and metering for the 2020-2023 regulatory period. For aspects relating to distribution and metering, it envisages:

- the recognition of operating costs in the 2020-2023 interim period, taking as a reference the operating costs for the year 2018 and establishing a symmetrical distribution between enterprise and users of the productivity recovery made in the first interim period (2016-2019);
- the activation of the sharing of net revenues from the use of the electric power infrastructure for purposes additional to electric power service;
- the establishment of a mechanism for the recognition of non-collectable receivables in the event of situations of exceptional arrears relating to the network tariff portion, but postpones its definition to a subsequent measure;
- the promotion of new aggregations between distribution companies;
- the possibility to achieve an increase in the rate of return on invested capital upon request and in a single solution as envisaged in the TIT of 2008-2011 and 2012-2015 (respectively, for the first period, in article 11 and, for the subsequent period, in article 12);
- the extension of the discounts provided for changes in power requested by domestic customers, and in 2020 the method of operation of an equalisation mechanism will be defined with regard to the discounts provided in the period 2016-2019;
- the gradual application over the period of the reactive energy fees;
- the extension of the current rules applied to vehicle recharging points open to the public until the end of the regulatory period; and
- the remodulation of the calculation of interest on arrears due to CSEA.

On 27 December 2022, with Resolutions 719/2022/R/eel, 720/2022/R/eel and 721/2022/R/eel ARERA established the transmission, distribution and metering tariffs for 2023, as well as dispatching fees.

With resolution 616/2023/R/eel the tariff regulation of the services of distribution and measure of the energy is approved for the period 2024-2027, as well as the related Integrated Texts for distribution (TIT), the measure (TIME) and the service of connection (TIC).

**Resolution 583/2015/R/com – Rate of return on Net Invested Capital for infrastructure services in the electricity and gas sectors: criteria for calculating and updating.**

The resolution defines the procedure for calculating and updating the rate of return on Net Invested Capital (weighted average cost of capital or "WACC") for regulated infrastructure services, unifying all the calculation parameters except for those specifically for single services, including parameter  $\beta$  which expresses the specific non-diversifiable risk level and the weight of the equity capital and interest-bearing debt used for weighting ("**D/E ratio**").

The revision of the procedure aims to define a more transparent and predictable regulatory framework and prevent differences in the rates of return of single services being affected by the specific condition of Italian financial markets. The weighted average cost of capital formula is still used as reference but some changes in their components have been introduced. In

particular, for the determination of the risk-free rate of return (risk-free rate, "**RF**"), it has been replaced the previous references to the Italian market (BPT to 10 years) with references chosen among the European countries with high ratings (government bonds to 10 years - Germany, Belgium, the Netherlands and France) considered at "zero risk" level compared with Italy. The risk-free rate, as defined above, is adjusted by introducing a new component called "Country Risk Premium" ("**CRP**") that represents an additional rate to cover the risk factors of the Italian market compared to the best European Countries financial performers: this addendum is related to both equity and debt components of the WACC. With regard to the rate of return on equity, the choice of the regulator is to recalculate this indicator as difference between the "Total Market Return" and the Risk Free Rate considering the inversely proportional correspondence between the two indicators. The cost of debt is revised downward in consideration of changes in its individual components as mainly Risk Free Rate.

The duration of the WACC regulatory period is six years (2016-2021), introducing an intra-period updating mechanism. The measure therefore indicates the formula to be used in the calculation and the specific values of the basic parameters in force as at 1 January 2016, except for parameter  $\beta$  for the electricity sector, established by a subsequent regulation (Resolution 654/2015/R/eel – Annex D).

**Resolution 614/2021/R/com - Rate of return on invested capital for infrastructure services in the electricity and gas sectors for the period 2022-2027: criteria for determination and updating.**

ARERA updated the criteria for determining and updating the remuneration of capital invested in infrastructure services in the electricity and gas sectors for the period 2022-2027, setting it at 5.2% for the distribution and measurement of electricity.

Concurrently, ARERA published consultation document 615/2021/R/com, which contains the "Guidelines for the Development of ROSS-based Regulation to be Applied to All Regulated Infrastructure Services in the Electricity and Gas Sectors." This was followed by DCO 317/2022/R/com, "Scope of the ROSS Approach and Criteria for Determining Recognized Costs According to the ROSS BASE Approach - Guidelines," which describes the methodological approach ARERA intends to follow in developing ROSS systems (Regulation by Expense and Service Objectives) for tariff regulation of electricity and gas infrastructure services. Additionally, DCO 655/2022/R/com, "Recognized Cost Determination Criteria According to the ROSS-base Approach - Final Guidelines," proposes a detailed draft of the new regulation.

The ROSS methodology aims to replace the current regulatory approach, which separately recognizes operating and capital costs, with a system based on the concept of "total reference expenditure," the application of total efficiency distribution coefficients (sharing), and regulatory capitalization rates. This new approach concluded the advisory phase in 2023, allowing the new regulation to come into force in 2024.

The Authority published resolution 163/2023/R/com, approving the integrated text of the criteria and general principles for the regulation of expenditure and service targets for the period 2024-2031 (TIROSS 2024-2031).

## **Resolution 646/2015/R/eel – Consolidated Code on the output-based regulation of electricity distribution and metering services, for the regulation period 2016-2023.**

The resolution approves the "Consolidated Code on the output-based regulation of electricity distribution and metering services, for the regulation period 2016-2023" (TIQE), in force from 1 January 2016.

The text, the result of a complex consultation process, contains four separate documents (5/2015/R/eel; 48/2015/R/eel; 415/2015/R/eel and 544/2015/R/eel), in III parts:

I. Regulation of the continuity of the distribution service and voltage quality. These are the main elements that have been introduced:

- (a) for the duration of the outages:
  - the mechanism of bonuses/penalties on the duration of the outages has been kept, introducing an allowance of  $\pm 10$  per cent. on the objective value;
  - experimental incentive regulation for the 3-year period 2017-2019 on the duration of the outage with prior warning, of a medium and low voltage origin (measure to be adopted by 30 June 2016);
  - progressive alignment of the standards on prolonged outages to that in force today for city centres: from 2020 eight hours for all low voltage users and 4 hours for all medium voltage users;
- (c) for the number of outages without long or short-term warning: confirmation of the bonuses/penalties regulation with long-term objectives transferred to the end of the new regulatory period for long-term objectives; and
- (d) on the subject of voltage quality, the foundations were laid for introducing a specific standard on transient outages and loss of voltage for medium voltage customers and for new initiatives concerning the conformity of the effective supply voltage value for low voltage users.

II. Regulation of specific and general commercial quality levels. These are the main elements that have been introduced:

- (a) reduction of maximum response times for services requested by end users concerning the estimation and performance of work;
- (b) development of fast estimate services (via telephone, managed by seller); and
- (c) introduction of some basic criteria for drawing up agreements between distributors and applicants for mass connection and activations.

III. Selective promotion of investments for distribution networks. This part aims to create incentives for the appropriate development of investments in distribution networks, providing guidelines for the choices made by enterprises for investments that maximize net system benefits, through output-based incentives mechanisms, developed on the basis of criteria of selectivity.

In particular, aspects are considered that represent the main innovative elements of the new rules and regulations, concerning both the innovative functions of the medium voltage distribution networks in areas with a high penetration of energy generated from renewable

sources, as well as the evolution of distribution networks in urban areas, with particular reference to the development of the capacities of backbones in buildings.

With reference to the Regulation for the tariff settlement of the end user market, two relevant determinations were issued.

**Resolution 566/2019/R/eel – Approval of the Integrated text of the output-based regulation of electricity distribution and metering for the 2020-2023 interim period.**

With this Resolution, issued following consultation no. 287/2019/R/eel, ARERA updated the TIQE for the 2020-2023 interim period. Specifically, it envisaged:

- the confirmation of the year 2023 for the achievement of continuity target levels, granting them only to the areas with the worst levels of continuity;
- the introduction of a special incentive scheme for critical territorial areas;
- the establishment of a mechanism of regulatory experiments to help improve the quality of service;
- the introduction of the recording of the number of meters replaced due to faulty display;
- from 2021 comparative publication also for voltage dips; and
- the limitation of the premium on the individual project to improve the resilience of the networks to a maximum value equal to the cost of the project itself.

**Resolution 617/2023/R/eel - Approval of output-based regulations and commercial quality of electricity distribution and metering services, effective from 1 January 2024.**

With this resolution the Authority adopted the integrated text of the output-based regulation of the distribution service 2024-2027 and the regulation of the commercial quality of distribution and measurement services, effective from 1 January 2024 by tracing into two separate integrated texts the provisions concerning technical quality (TIQD) and commercial quality (TIQC).

**Second generation (2G) smart metering systems in the electricity sector**

**Resolution 100/2019 / R / eel - Second generation smart metering systems for the measurement of low voltage electricity. Update for the 2020-2022 three-year period on the provisions for the recognition of costs of 2G smart metering systems**

On 20 March 2019, the Authority introduced an update for the 2020-2022 three-year period of the provisions on the determination and recognition of costs relating to second-generation smart metering systems (2G). In particular, the proposals reported in the consultation document include:

- the possibility of setting obligations on the timing of the commissioning of 2G systems together with the modulation of the "conventional plan" in order to reduce the "two-speed country" risk; the updating and simplification of the provisions relating to the admission to the fast track of the companies that start their own commissioning plan for 2G smart metering systems in these three years;

- the evaluation of the provisions of the decree of the MED no. 93/2017 concerning the periodic verification of electricity meters and the extra costs that could arise; and
- the possibility of introducing provisions to quantify the penalties to be applied in the event of failure to comply with the expected performance levels of 2G smart metering systems.

With Resolution no. 306/2019/R/eel – Update for the three year period 2020-2022 of the directives for the recognition of the costs of second-generation (2G) smart metering systems for the measurement of low-voltage electricity and commissioning provisions – ARERA updated for the three-year period 2020-22 the directives for the preparation of plans for the commissioning of second-generation (2G) smart metering systems and defined the cost recognition mechanisms and penalties for failure to implement the plan or for failure to meet expected performance levels. Although with slight changes, the guidelines presented in DCO 100/2019/R/eel were confirmed, specifically: (i) the major DSOs must start the installation phase by 2022 and finish by 2026 (at least 95%), with an intermediate step to be achieved by 2025 (90% of the planned installations); (ii) it confirms the general principle of not recognising costs associated with voluntary early disposal of 1G meters (so-called stranded meters), and to avoid "two-speed country risk" distribution companies that have yet to submit to the Authority their "2G smart metering system commissioning plan" ("**PMS2**") will have the commissioning plan calculated in such a way as to encourage the shortening of the current gap; (iii) starting from year 4, penalties are envisaged for failure to meet expected performance levels (only monitoring is carried out in the first three years of PMS2), with annual and multi-annual ceilings on penalties.

In September 2019 ARETI sent the Authority a request for admission to the recognition of this type of investment and held a public session to present the plan in October 2019. The plan envisages the replacement of 2.3 million meters by 2034 with a total expenditure of Euro 546 million, of which Euro 318.9 million in capital expenditures. The consultation phase of ARETI's 2G smart meter plan envisaged in resolution 306/2019/R/eel ended in November. The Authority published resolution 293/2020/R/eel approving the costs of ARETI's 2G smart meter systems.

On 22 November 2022, following the consultation period begun with DCO 284/2022/R/eel, ARERA published resolution 601/2022/R/eel in which it introduced transitional changes to certain provisions for the second generation (2G) smart metering systems for low voltage electricity. In particular, it establishes: for 2022 and the first half of 2023, non-application of the "operational" criteria in any significantly relevant area; for 2022, provisions pursuant to article 18, paragraphs 1 and 3 of Annex A to resolution 306/2019/R/eel are suspended, relative to penalties for delays with respect to the forecasts for implementing the service and limited non-compliance with expected performance levels; the effects deriving from the planned and actual numbers of 2G metres for 2022 were sterilised. Finally, with resolution 724/2022/R/eel, the Authority updated the 2G Directives for 2023-2025 establishing i) that annual accounting methods for physical progress be made systematic, with time frames similar to the accounting already established for economic and performance progress, ii) that the monitoring period for 2G 40 1. Report on Operations smart metering system performance be extended to 4 years, activating penalties only as of 1 January of the fifth year of PMS2, in light of the problems which arose relative to the COVID-19 health emergency and the significant limitations on availability of 2G components, iii) an obligation to promptly replace 1G metres with 2G metres for activation requests for collective self-consumption, and iv) a premium mechanism for accelerating PMS2 as an effect of public contributions.

## **Provisions for the Regulation Integrated Text**

### **Resolution 668/2018/R/eel – Economic incentive for interventions to increase the resilience of electricity distribution networks**

With Resolution 668/2018/R/EEL of 18 December 2018 the Authority introduced an incentive mechanism for investments aimed at increasing resilience, focusing in particular on the resistance of distribution networks subjected to extreme weather events. As anticipated by the Authority in consultation, projects with benefits greater than costs are eligible for a bonus, while all the projects present in the resilience plan of the DSO are subject to penalties. More in detail, the bonus for each project – quantifiable as 20% of the net benefit of the project itself – will be reduced by 50% in the event that the effective completion date is postponed by six months compared to what was initially envisaged in the plan. At the same time, the penalty associated with each project will be 10% of the costs actually incurred for the task if the effective completion date is postponed by 12 months compared to what was initially specified in the plan, and 25% if the delay lasts 18 or more months. In the latter case, the DSO must justify the causes of the delay, describe the actions taken to recuperate the time lost and give an indication of any extra costs arising from the delay. With regard to the operating procedures of the bonus/penalty mechanism, the resolution envisages that by 30 November every year from 2019 to 2024 the Authority will update and publish the list of the projects of each main DSO eligible for a bonus and/or penalty, and by 31 December of each year from 2020 to 2025 it will determine for each DSO the bonuses and penalties related to the projects with effective completion date in the previous year.

ARETI sent to ARERA its 2019-2021 resilience plan in order to participate in the incentive mechanism of rewards and penalties as early as 2019. With resolution 534/19 ARERA resolved to include the projects in ARETI's 2019-2021 resilience plans in the mechanism of premiums and/or penalties. About 230 projects are planned for a total of Euro 69 million in investments, mainly concentrated in 2020, designed to mitigate the risk of heat waves (most of the projects) and flooding (the balance).

## **Natural Gas**

Italian regulations enacted in May 2000, by means of the Legislative Decree No. 164/2000 (the "**Letta Decree**") - implementing EU directives on gas sector liberalisation (Directive 1998/30/EC) - introduced competition into the Italian natural gas market through the liberalisation of the import, export, transport, dispatching, and sale of gas. The liberalisation process was successively strengthened by Directive 2003/55/EC, which introduced, on the one hand, stricter unbundling obligations on companies operating in the gas transport, distribution and sale sectors and, on the other hand, incentives for new import infrastructure. The authorities responsible for turning this regulation into practice are the MED and ARERA.

## ***Sale***

On 13 October 2020, ARERA published the Resolution 380/2020/R/com and consequently launched the proceeding aimed to review the WACC methodology for the regulatory period starting from 2022. The revision will be focused on the economic parameters, which are part of the WACC methodology and should be carried out in a substantial continuity with the previous discipline.

With the Resolution 141/2021, ARERA started a proceeding to review the operational expenditure efficiency factor established for the period 2014-2016 on the gas distribution tariffs (Resolution 24 July 2014 - 367/2014/R/gas). The review took place since the Regional Administrative Court of Lombardy (the jurisdictional authority for administrative processes

referred to ARERA activities) accepted the appeal of the operators claiming for a deeper regulatory investigation in preparation of the abovementioned resolution.

### **Electricity and gas retail markets: ARERA activity between 2020 and 2023**

#### *Budget Law 2020*

With regard to the energy market, the 2020 Budget Law, no. 160 of 27 December 2019, introduced the following changes starting from 1 January 2020:

- art. 1 paragraph 5 of the 2018 Budget law has been erased, which means that the provisions on the two-year limitation period do apply in the event of failure or erroneous detection of consumption data, deriving from ascertained responsibility of the user;
- in the event of non-payment of the invoices, the public utility service operators are obliged to send to customers the notification of contestation of non-payment and the notice of suspension of the supply with not less than 40 days' notice. In order to fulfil this obligation, resolution 219/2020/R/com was published by the Authority. In particular the Authority has therefore introduced the changes necessary to guarantee the protection of 40 days' notice, this period of time starts from the date of notification of the notice of establishment in late payment sent by registered letter with return receipt or electronic certified email (*posta elettronica certificata*);
- in the event of illegal conduct regarding billing (violations relating to the methods of recording consumption, making adjustments or billing, charges for unjustified expenses or costs for consumption, services), which has been ascertained by the competent authority or "duly documented by means of a specific declaration, presented autonomously by the customer also by electronic means", the seller is required to;
- reimburse any sums already paid by the customer; and
- pay a penalty equal to 10% of the disputed and undue amount, and in any case not less than Euro 100, within 15 days from the verification / positive response to the customer's declaration "through, at the user's choice, the reversal in the subsequent invoice or a specific payment".

#### *Two-year prescription*

The Authority published resolution 184/2020/R/com with which it has adapted the sector regulations to the provisions established by Article 1 paragraph 295 of the 2020 Budget Law, eliminating the hypothesis of customer responsibility. On 27 July 2020, Acea Energia filed an appeal with the Lombardy Regional Administrative Court against this resolution, raising the illegitimacy of bringing the application of the prescription back to the mere passing of time, without considering any impeding behaviour of customers, it would lead to a 'non-constitutionally oriented interpretation of the 2020 Budget Law. With a decision passed on 14 June 2021, the Regional Administrative Court of Lombardy ruled in favour of the appeal, with consequent cancellation of resolution 184/2020/R/com, on the basis that the interpretation of the 2020 Budget Law had only referred to the duration of the limitation (two years instead of five years), without however excluding the applicability of the general civil code regulations regarding limitation. With Consultation Document 457/2021/R/com, the Authority revised the information obligations set out in Resolution 569/2018/R/com, in the events of billing of consumption dating back more than two years, to favour smaller end customers deemed worthy of stronger protection.



With Resolution 603/2021/R/com, the Authority amended Resolution 569/2018/R/com on the billing of consumption dating back more than two years as a result of DCO 457/21, in order to comply with the above-mentioned decision of the Lombardy Regional Administrative Court. With this resolution, the Authority confirmed the distributor's obligation to notify the seller, via certified email (*posta elettronica certificata*) – contemporaneously with the metering or adjustment data referring to consumption dating back to a period more than two years back – the indication of the presumed existence or non-existence of causes hindering the accrual of the limitation period pursuant to the primary and general reference legislation. It also confirmed that the seller's information obligations vis-à-vis the end customer should be separated depending on whether or not there are any amounts on the invoice for which the limitation is contested. Regional Administrative Court has suspended resolution ARERA no. 603/2021 limited to article 6.4 of the Annex to said resolution, which is the transitional regulation that obliges the distributor to respond within 7 days. On 2 January 2023, the TAR published the sentences in which it upheld the appeals of Italgas and 2i Rete Gas regarding the two-year limitation period, annulling articles 5 ("Distributor's reporting obligations") and 6.4 ("Transitional provisions") of Annex A to resolution 603/2021 and art. 9 of resolution 604/2021. With the judgement, the TAR underlines that "the law does not attribute to the ARERA the power to affect the general rules on the matter of limitation, so that it can neither introduce different causes for suspension of the limitation period, nor modify the distribution of the burden on this point proof, nor alter the content of the various relationships existing, respectively, between the distributor and the seller and between the seller and the final customer, assigning the distributor the task of ascertaining and juridically qualifying facts intended to affect the limitation regime in the relationship to which he is unrelated".

On 9 March 2023, with resolution 86/2023/C/com "Appeal of the sentences 2 January 2023, n. 35 and no. 36 of the Lombardy TAR, First Section, for the partial annulment of the Authority's resolutions 603/2021/R/com and 604/2021/R/com", the Authority decided to appeal to the Council of State against the sentences of the Lombardy TAR on the subject of cancellation of the communication obligations imposed on distributors in relation to the two-year statute of limitations on bills pursuant to articles 5 ("Distributor's reporting obligations") and 6.4 ("Transitional provisions") of Annex A to resolution 603/2021 and art. 9 of resolution 604/2021. According to the Authority, the conditions exist for filing an appeal against the aforementioned sentences of the Lombardy Regional Administrative Court as they are based on an erroneous interpretation of the relevant factual and legal elements.

In December 2023, the Council of State rejected the appeals promoted by the Authority against the Lombardy TAR's rulings on resolutions 603/2021/R/com and 604/2021/R/com.

The annulled provisions required distributors to inform their counterpart sellers, when communicating measurement data or corrections for consumption dating back more than two years, of the possible existence of any causes that might prevent the expiration of the credit right's limitation period under primary legislation. The Council of State confirmed the Lombardy TAR's decision, emphasizing that the special rules on biennial prescription (Law 205/2017) do not assign the Authority the role of ensuring the circulation of essential information among companies in the supply chain, preventing disputes between these companies, or ensuring compliance with principles of fairness and good faith in their mutual commercial relations. Despite the commendable intentions behind the contested resolutions, the legislative intervention did not authorize the adoption of binding measures not explicitly provided for and not directly functional to the specific public interests entrusted to the Authority by the law.

The rulings underline that between distributor, seller, and end customer, two distinct contractual relationships are established: one between the seller and the end customer, and another between the distributor and the seller. It is not a triangular relationship but distinct relationships arising from different contractual bases and governed by different regulations. Therefore, civil rules regarding prescription must be applied within each separate relationship. Even though the measurement activity carried out by the distributor may be relevant to the supply contract between the seller and the end customer, this does not authorize ARERA to impose on the distributor the burden of detecting and qualifying facts affecting the prescription in the relationship between the seller and the end customer. These activities should be the responsibility of the seller as the creditor in the relationship with the end customer.

In light of these rulings, ARERA believes there is no need for further intervention on the regulations contained in resolutions 603/2021 and 604/2021, as these regulations are self-sufficient and fully operational even without the specific provisions annulled by the administrative judge.

The Authority highlights that:

- To fulfil the obligations of 603/2021 regarding information provided to the end customer about whether the two-year prescription has accrued, the seller must proceed based solely on the factual information at his disposal, without waiting for further details from the distributor.
- For the purposes of admission to the compensation mechanism, the seller can participate concerning amounts for which he must have objected to the prescription to the distributor, without the distributor having contested an impediment to the accrual of the same under the Civil Code. It will be the distributor's burden to prove the existence of such impediments, as outlined in Art. 2941, no. 8, of the Civil Code.

The Authority also recalls its press release of December 13, 2021 (not annulled by the administrative judge), which clarified that the distributor cannot merely claim compliance with the Authority's regulation on mandatory reading attempts as a reason to prevent the expiry of the statute of limitations on its credit towards the user.

Following the repeal of paragraph 5 of Art. 1 of Law 205/2017 (which excluded the two-year limitation period in the case of "established liability of the end customer"), the two-year limitation period provided in paragraph 4 of the same article applies without further exceptions to the general regulations of the institute. This is true even when the distributor's failure to detect measurement data (even if in compliance with the Authority's regulation on mandatory reading attempts) is due to presumed responsibilities of the end customer (for instance, if the customer was not present when distributor representatives attempted to read an inaccessible and non-remote meter). The Authority believes this conclusion is also supported by the rulings of the Lombardy Regional Administrative Court and the Council of State mentioned above, which specified that the end customer is not the debtor of the distributor but of the seller. Consequently, any conduct by the end customer that prevents the distributor from correctly detecting measurement data is not relevant for the purposes of Art. 2941, no. 8, of the Civil Code, which refers solely to the behaviour of the debtor, i.e., the seller (and not the customer).

With reference to the settlement of the electricity and natural gas sectors, the Authority published the consultation document 330/2020/R/com in order to define the mechanisms aimed at regulating the economic items related to the two-year prescription. In particular, the Authority provided for a compensation mechanism aimed at indemnifying the sellers from the

missed collections due to the application of the two-year prescription not linked to their liability (invoicing delays) with specific reference to the amounts referring to the commodity and to the dispatching, as well as the fees for the transport service and general charges.

Following on from consultation document 330/2020/R/com, the Authority published Resolution 604/2021/R/com, which provides for:

- an annual compensation mechanism for the greater protection operator or the dispatching user associated with a withdrawal point, making it possible also to recover in the successive annual session any amounts not recovered in the reference annual session; and
- a mechanism to make distribution companies liable, whereby from 2023 all electricity distribution companies will be required to pay a penalty to CSEA each year for recalculations invoiced in the previous year due to non-collection of actual readings or adjustments of actual metering amounts previously utilised, for the portion prior to 24 months of the date on which the data was made available.

With measure dated 13 October 2022 (*ordinanza* no. 4568/2022), the Court of Bologna clarified that SME and large companies are excluded from the category of entities to which the biennial limitations apply for electricity and gas bill.

#### *Social bonus*

In accordance with the provisions of the 2023 Budget Law regarding the scaling of the bonus based on different ISEE thresholds and annual consumption, ARERA has revised the methods for updating the social bonuses through resolution 622/2023/R/com. This revision ensures a 30% reduction in electricity expenditure and a 15% reduction in gas expenditure.

Effective from January 1, 2024, ARERA has updated the annual quantification of the electricity bonus (both economic and physical), linking it to the best available estimate of average expenditure. Additionally, for the first quarter of 2024, an extraordinary contribution has been introduced, paid together with the electricity bonus, to mitigate increases due to price changes.

#### *Public interventions in price setting*

On 31 December 2020, the MED signed the decree "Free electricity market. Conscious entry scheme for end customers" for small businesses from 1 January 2021. The decree confirms the Authority's provisions with resolution 491/2020/R/eel apart from the threshold, raised to 35% and then updated by ARERA with resolution 28/2021/R/EEL. The decree mainly concerns:

- the launch of information campaigns for all types of customers, which will involve multiple institutional subjects in collaboration with trade organizations and consumer associations;
- the provision of a six-monthly ARERA report, for the period 2021-2022, on the evolution of customers' behaviour, on the trend of prices offered, on the transparency and advertising of offers and related services. This monitoring activity took place from 1 July 2021 and until 31 December 2022; and
- the confirmation of ARERA's gradual protection service (*Servizio a Tutele Graduali*, "**Gradual Protection Service**") for small businesses (with a contractually power level

higher than 15 kW) starting from 2021, to be assigned through public tenders starting from July 2021, specifying that:

- the identification of territorial areas must be characterized by a balanced level of risk associated with arrears or by dimensional homogeneity in terms of volumes;
- the maximum volume that can be assigned to a single operator throughout the country is 35%;
- the provision of specific incentive mechanisms for arrears' recovery based on customers' specificities;
- confirms the three-year duration of the service assigned by tender;
- confirms the transitional regime until June 2021. During this period the service will be managed by the local supplier in the area of his own competence; and
- ARERA will have to prepare a periodic report on the implementation of the Gradual Protection Service and on the outcome of public tenders.

The conversion into law of the D.L. 183/2020 (*Milleproroghe*) with law 1 March 2021, n. 21 (effective from 2 March 2021) extended the termination of public interventions in the price setting for household customers and microenterprises from 1 January 2022 to 1 January 2023.

Law n. 233 of 29 December 2021, which converted into law, with amendments, Law Decree n. 152 of 6 November 2021, established that:

- electric micro-enterprises will be served in Gradual Protection Service from 1 January 2023 and the tenders will take place during 2022. Resolution n. 208/2022 and the Single Buyer's act of 30 May 2022 provide that the tenders will take place during September 2022; due to cyberattacks on the IT platform of Single Buyer, the tenders took place during November and so, with resolution 586/2022/R/eel, ARERA postponed the beginning of the Service to April 2023; Acea Energia won area number 11, which includes Naples and some cities in Puglia;
- electric household customers will switch to the Gradual Protection Service following the tenders that will be held by 10 January 2024. Pending the execution of said tenders, these clients will remain served in the current "*Servizio di maggior tutela*";
- electric vulnerable customers will be served in the current "*Servizio di maggior tutela*" until ARERA defines a specific offer; and
- gas household customers' regulated prices will still stop on 10 January 2024 as established by Law Decree no. 176/2022 ("***Decreto Aiuti Quarter***").

On 17 May 2023, the Ministry of the Environment published decree n. 169, containing "Regulation of the criteria and methods for the informed entry of domestic customers into the free electricity market". Such Decree provides that:

- the establishment of a maximum threshold of the areas that can be awarded to a single operator equal to 30 percent of the total number of the same areas, to be applied throughout the national territory and cumulatively in the case of several companies belonging to the same group;

- confirms the exclusion of vulnerable customers from auctions for the gradual protection service, stating that for these customers "by 10 January 2024, the ARERA ensures that the current enhanced protection regime is overcome in compliance with the provisions of EU law";
- the Ministry of the Environment and Energy Security, in promoting the institutional information campaigns intended for domestic customers through a plurality of information channels and on the main national media, also uses the television channels in peak viewing hours and ensures the execution of the campaigns with adequate timeliness and periodicity;
- the Service suppliers are identified on the basis of bankruptcy procedures carried out by Acquirente Unico S.p.A., regulated according to methods aimed at avoiding the concentration of the offer, by means of, among other things, identifying a suitable number of geographical areas, merging even areas distant from each other, characterized by an adequate dimensional structure in terms of withdrawal points and with a level of risk connected to the arrears of the final customers concerned in order to favour the widest participation of operators in the procedures;
- the period of assignment of the Gradual Tutel Service remains a maximum of 4 years, but from 1 April 2027 it will only become a service of last resort; and
- the operator of the gradual protection service, at least starting from the six months prior to the expiry of the TSG assignment period, according to the methods and terms defined by the ARERA, periodically informs the end customer, also by certified e-mail or web spaces dedicated to the customer: a) of the expiry of the period of disbursement of the STG and of the right to choose another supplier on the free market or any offer on the free market from the same operator; b) the fact that, in the absence of an express choice, upon expiry of the TSG supply period, the customer is supplied by the same TSG operator on the basis of its most favourable free market offer. With Resolution 362/2023/R/eel, as amended, ARERA has established regulations and assignment methods for the Gradual Protection Service available to non-vulnerable domestic customers without a supplier once the greater protection service is terminated. The termination of the greater protection service, as provided by Law 124 of 4 August 2017, was scheduled for 1 April 2024, coinciding with the commencement of operations by operators who have won tenders to provide the Gradual Protection Service.

However, Decree Law 181/2023 (the "**Energy Security Decree**") has postponed the auctions for the Gradual Protection Service for non-vulnerable domestic customers to 10 January 2024. ARERA, through Resolution 580/2023, implemented the provisions outlined in Article 14 of the Energy Security Decree Law, rescheduling the auction date to 10 January 2024. Consequently, Acquirente Unico S.p.A. promptly updated the tender regulations with the new expiration dates. Following the auction, Acea Energia was not awarded any of the 26 territorial areas.

As previously announced in resolution 580/2023, in resolution 600/2023 "Revision of activation schedules for the gradual protection service of non-vulnerable domestic customers in the electricity sector pursuant to Law 124 of 4 August 2017, Amendments to the Authority's resolution 362/2023/R/eel and relative annexes A, B, C and D, ARERA revised the date for activation of the Gradual Protection Service, postponing it to 1 July 2024.

### ***Identification of vulnerable customers in the electricity market***

With resolution 383/2023/R/eel, ARERA defined the methods for identifying vulnerable customers, who were not the subject of the auctions for the gradual protection service for non-vulnerable domestic customers which were held on 10 January 2024. The dedicated auction

for these customers will most likely be held during the year 2025. In particular, by the end of each month, starting in September 2023, the IWS identifies as vulnerable:

- a) end customers who receive a social bonus for economic problems during the current or previous year;
- b) end customers who receive a social bonus for physical problems during the month in progress;
- c) end customers who have a withdrawal point which cannot be disconnected; and
- d) end customers over 75 years old.

By 10 September 2023, the IWS made the information able to greater protection operators with reference to their customers and made the information available for consultation.

***Provisions regarding charges for early withdrawal from electricity contracts and renewal of economic conditions***

On 30 June 2023, ARERA published Resolution 25089/2023/R/com. This resolution serves two main purposes:

***1. Charges in the event of early withdrawal (applicable only for electricity supplies for domestic customers and small businesses) – Effective from 1 January 2024***

- o It defines the seller's right to apply these charges;
- o In fixed-term and fixed-price contracts; and
- o In permanent contracts with fixed-price economic conditions of a fixed duration, as well as fixed-price contracts which, upon expiry of this price, transition to a variable price.

***2. Renewal of the economic conditions in electricity and natural gas supply contracts – Effective from 1 January 2024***

This resolution specifies the methods and timing of expiry and renewal of the economic conditions. The Authority deems it appropriate to establish specific information obligations for the seller in the Code of Commercial Conduct if the contract signed by the end customer includes the seller's right to tacitly renew the economic conditions. These obligations include:

- a) the validity of the economic conditions for a specific period of time (i.e., the conditions expire at the end of this term);
- b) the seller's right to apply new and different economic conditions for a new predefined period by notifying the end customer before the deadline; and
- c) the application of the new economic conditions, starting from the expiry of the original conditions, without prejudice to the customer's right of withdrawal.

The renewal of the economic conditions must be communicated in writing by the seller, labelled "Proposal for renewal of the economic conditions with modification of the same conditions," and must reach the end customer at least three months before the effective date of the new conditions (assuming the customer receives it 10 days after dispatch).

In all cases of non-compliance with the procedure for renewing economic conditions, as already regulated for unilateral variation and automatic evolution, ARERA provides for an automatic compensation of 30 euros to be paid to the end customer.

***Notice periods for the modification of PLACET offers for natural gas at variable prices – Amendments to paragraph 6.4 and introduction of paragraph 7.4 bis to resolution 100/2023/R/Gas (End of Gas Protection) – Effective from the date of publication of the resolution (9 June 2023)***

The Authority has brought forward to 1 September 2023 (previously October 1, 2023), the alignment of the criterion for determining the P\_INGT component of the PLACET offer for natural gas at variable prices (switching from TTF to PSV). By way of derogation from Article 13, paragraph 1, of the Code of Commercial Conduct, the communication of a change in the economic conditions of the PLACET offer for natural gas at variable prices must be made at least one month before the effective date of the modification. All other information obligations and methods referred to in Article 13 of the Code of Commercial Conduct remain unchanged.

***The register of gas suppliers***

As required by the 2022 competition law, ARERA has published guidelines for consultation (DCO 70/2024/R/gas) in order to prepare a list of sellers authorized to sell electricity natural gas, as already done with the "Electricity Sellers List".

The DCO illustrates the conditions, criteria, methods and technical, financial and good repute requirements for the registration, permanence and exclusion of the subjects registered in such list.

***Electricity sales activity (RCVsm)***

The Resolution 576/2019/R/eel updated the sales marketing remuneration (*remunerazione commercializzazione vendita*, "**RCV**") and DispBT components and the PCV fee with effect from 1 January 2020. In particular, with regard to the RCVsm component (specific for operators other than the incumbent) (*remunerazione commercializzazione vendita imprese societariamente separate minori*, "**RCVsm**") for the central south territorial area, there is an increase in the value of the component to 44.10/Euro/POD compared to the value in 2019, equal to 42.53, for household customers and a decrease in value to 10.18/euro/pod compared to 2019, equal to 11.63, for business customers.

The Resolution 100/2020/R/eel updated the value of the amounts of the default compensation mechanism (Article 16-ter of ARERA's integrated text for the provision of electricity sales services to final users, or "**TIV**") which is reduced from 3.83/Euro/POD to 1.8/Euro/POD for domestic customers and from 42.82/Euro/POD to 19.17/Euro/POD for business customers. With regard on the customer exit compensation mechanism (Article 16-quater of the TIV), the Authority revised the values of the benchmark that determines both access to the mechanism and the value of the compensation itself. In particular ARERA revised these values upwards, making the access to the mechanism more difficult and the compensation value lower.

The Resolutions 603/2020/R/gas and 604/2020 / R / eel updated the RCV and DispBT components, the PCV fee for the electricity sector and the retail sales quota ("**QVD component**") for the gas sector, with effect from 2021. With regard to the RCVsm component (specific for operators other than the incumbent) for the central south territorial area, there is a decrease in the value of the component to approximately 42.66/Euro/POD for domestic customers; while for business customer, there is an increase in the value of the component to approximately 107.73/Euro/POD.

In addition, the Resolution 127/2021/R/eel updated the parameters relating to the TIV mechanisms named "Compensation mechanism for arrears of customers" and "Mechanism for customer exit compensation". In particular:

- with reference to the first mechanism, the amount of compensation is decreasing for domestic customers but increasing for other customers. The same trend also applies to the threshold rates for access to the mechanism, *i.e.* for the minimum level of unpaid ratio that the individual companies must have registered in order to access the aforementioned mechanism; and
- with reference to the second mechanism (Article 20) in relation to customers who left the protection service (where prices are set by the Authority "SMT") during 2020, the values of the reference parameter were lowered in relation to the exits from the SMT to market-based supply prices ("ML") connected to the same seller, while the values for the exits towards ML of the other competitors were raised. In addition, this mechanism with reference to the year 2021 will be redefined *"in order to take into account the need to conduct an overall assessment of the remuneration of the operators of the SMT"*.

The Authority published resolutions 146/2022/R/eel and 147/2022/R/gas, which respectively update the RCV and DispBT components and the PCV fee for the electricity sector and the QVD component for the gas sector starting from April 2022. ARERA will confirm, also for the future, an annual update frequency by 31 March of each year for all these parameters. As for the RCVsm component (specific for operators other than the incumbent) for the central-south of Italy territorial area, there has been an increase in the value of the component of approximately 48.31 Euro/POD (previously Euro 42.66) for domestic customers and an increase in the value of the component to approximately Euro 129.29/POD (previously Euro 107.73) for business customers.

As for the parameters related to the TIV mechanisms named "Mechanism for customer exit compensation", there has been a decrease in all four parameters (which determine both access to the mechanism and the value of the compensation itself). This has a double positive effect: a lower threshold makes it easier to access to the mechanism and provides a greater the value of the compensation, as the compensation is commensurate to how much the actual churn rate recorded in a year exceeds the values indicated by ARERA.

The Authority published resolutions 136/2023/R/eel and 137/2023/R/gas for the annual update of the regulated components. For the RCVsm component for the central-south of Italy territorial area, there has been a decrease in the value of the component of approximately 42.91 Euro/POD (previously Euro 48.31) for domestic customers; no update was foreseen for business customers due to the end of price protection for this type of customer.

For the parameters related to the TIV mechanisms named "Mechanism for customer exit compensation", only the one relating to the exit rate of domestic customers who go ML of the same seller is decreasing.

### ***Heat and Services***

Legislative Decree 102/14 granted ARERA regulatory and enforcement powers in the areas of district heating (*teleriscaldamento*), cooling and hot water for domestic use. In particular, the regulatory powers granted to ARERA relate to:

- the continuity, quality and safety of the service, the plants and the accounting systems;
- the criteria to determine the user rates for connection to the network and the methods to exercise the relevant right of disconnection;



- the methods through which the network operators publish the prices for the provision, the connection, the disconnection and the accessory machinery for heating systems;
- the reference conditions for the connection to the district heating and cooling networks applicable to new generation heating units;
- the rates for the sale of heating in case of the obligation to connect to the district heating and cooling networks imposed by Italian Regions or Municipalities;
- the regulation of the measurement and accounting systems of heating/cooling/water consumptions for health purposes; and
- the regulation of invoicing information and documents.

Pursuant to Legislative Decree 102/14, ARERA also exercises control, inspection and sanction powers provided by Law 481/95, as well as the sanction powers provided by Article 16 of Legislative Decree 102/14.

With Resolution 271/2019/R/gas – Provisions relating to the process of making available the technical data of the redelivery points and the measurement data to the Integrated Information System and modification of the communication standards with reference to the gas sector – and subsequent Resolution 6/2019 – Modifications and integrations to the Operating Instructions and the xml structures to be used for the exchange of information with respect to the communication standards for the natural gas sector – the Authority gave a mandate to the integrated water service operator for the publication of new data files, which, from February 2020, will be used for: (i) the provision of technical data, information and measurement data collected during the replacement of the meter and other technical service; (ii) the provision of the periodic measurement data collected in accordance with ARERA's "Integrated text of retail sales activities of natural gas and gas other than natural gas distributed by means of urban networks" (TIVG), the self-readings made by end customers, the measurement data collected during switching, as well as other technical services requiring the collection of measurement data; (iii) making available the corrections to the measurement data submitted with the two previous flows.

At the same time, the Authority has defined the procedures and timing that, given the specified starting date, allow the distribution companies to transfer the largest number of measurements to the IIS to be used for their settlements. The effective date of the new data files was later extended to 1 June 2020 with Resolution no. 493/2019/R/gas – Update of the methods and timelines for making available the technical data of redelivery points and measurement data for the gas sector to the Integrated Information System.

With Resolution 406/2018/R/com – Entry into force of the regulation of the indemnification system within the Integrated Information System, for the electricity and natural gas sectors – the Authority established that from 1 June 2019 the processes relating to the indemnification system would be managed exclusively within the IIS, even for the gas sector. Reform of charges for domestic customers. During the last years, ARERA continued to deepen its activity on the district heating service with the following steps.

2018 was a year of intense development with regard to regulation in the district heating sector, attributed to ARERA by Italian Legislative Decree 102/2014. During the year and after an intense activity of analysis and discussion with operators and associations, ARERA began to outline the guidelines for the future regulation of district heating. With resolution 24/2018/R/tlr

and subsequent resolution 277/2018/R/tlr, ARERA issued the "Consolidated Law on the Regulation of the criteria for determining the connection fees and the procedures for the exercise by the user of the right of withdrawal for the regulatory period 1 June 2018-31 December 2021 (TUAR)" in which it defines the regulation of the criteria for determining the connection fees and the procedures for the exercise by the user of the right to deactivate the supply and disconnection from the district heating network for the regulatory period 1 October 2018-December 2020.

With resolution no. 574/2018/R/tlr of 13 November 2018, ARERA defined the information obligations of parties operating in the district heating and cooling sector with regard to the Operators' and Territorial Register and the procedures for submitting applications for exclusion of networks from the Authority's regulation. The document, called "Information requirements for district heating and cooling operators (OITLR)" establishes that: a) parties operating in the district heating sector that have not yet registered in the "Operators' Register" must do so by 31 December 2018 based on the new provisions; b) network operators must verify and, where necessary, supplement or update the information relating to each network they manage by 31 March 2019 at the latest using the "Anagrafica Territoriale (ATT)" computer protocol.

With Resolution 661/2018/R/tlr, ARERA defined the regulation of the commercial quality of the district heating service for the regulatory period 1 July 2019-December 2021 and provided for the initiation of a procedure for the revaluation of the provisions on the exercise of the right of withdrawal established by the TUAR and some amendments thereto. ARERA has also launched a consultation on the technical quality of district heating, DCO 691/2018/R/ tlr, which is expected to be completed in 2019. Unlike the regulation of other regulated sectors, the regulation of district heating lacks the typical tariff oversight, because while the sector is regulated it operates under market conditions and not according to tariffs established by ARERA. Therefore, activities related to quality are ARERA's main contributions to the sector. In 2019, the regulator published the following integrated texts relating to the sector: 1) RQTT – Regulation of the technical quality of district heating and cooling services – resolution 548/2019/R/tlr and 2) TITT – Transparency of district heating and cooling services – resolution 313/2019/R/tlr.

With resolution 313/2019/R/tlr, the Regulatory Authority for Energy Networks and Environment (ARERA) defines the transparency regulations for the district heating and cooling sector for the regulatory period 1 January 2020-31 December 2023. The scope of the intervention includes the minimum contents of supply contracts and invoicing documents, the methods of publication of prices applied by operators and other information concerning the quality of service and environmental performance. It is also envisaged that the Authority will launch a price monitoring system.

With resolution 548/2019/R/tlr (RQTT), ARERA adopted the regulation of the technical quality of the district heating service, with particular reference to safety and continuity of the service, for the regulatory period 1 July 2020-31 December 2023.

### **Electricity sector: ARERA activity between 2020 and 2023**

With Resolution 190/2020/R/eel, ARERA took urgent actions necessary to implement the provisions of the Italian Law Decree no. 34 of 19 May 2020 (as subsequently amended and supplemented, the "**Italian Relaunch Decree**") on the reduction of expenditures incurred by low voltage electricity user accounts other than domestic users for the months of May, June and July 2020.

With Resolution 311/2020/R/eel, ARERA gave instructions to the CSEA in relation to management of the resources paid into the COVID- 19 emergency account under the terms of

the Italian Relaunch Decree and to the activation of compensation to be paid to distributor companies for the lower receipts deriving from the provisions of Resolution 190/2020/R/eel.

With Resolution 162/2020/R/eel, ARERA determined the provisional tariffs of reference.

With Resolution 144/2020/R/eel, ARERA determined the definitive tariffs of reference for distribution and metering services for the year 2019.

With resolution 639/2018/R/COM, ARERA updated the values of the parameters used to calculate the rate of return on Net Invested Capital (WACC) for the three-year period 2019-2021, establishing a value of 5.9% for the distribution service.

With Resolution 380/2020/R/COM of 13 October 2020, ARERA launched a proceeding to update the criteria for determining and updating the WACC for the WACC regulatory period started on 1 January 2022 (the "PWACC").

In Resolution 568/2019, ARERA allowed the distribution companies concerned to submit an application by 30 September 2020 to request the single payment of the highest amount due with regard to the entire residual duration of the incentive. With Resolution 568/2019, ARERA established that the equalisation of the revenues from distribution would be reduced by an amount equal to 50% of the net revenues from the use of the electrical infrastructure for purposes additional to the electric service, recorded at the end of year n-2.

With Resolution 568/2019, distribution companies were required to communicate to CSEA the information relating to the number of operations of increase or reduction of committed power requested by domestic customers connected to their grids. In this regard, on 9 June 2020 the Authority published Determination 10/2020-DIEU with which it established that this equalisation will be managed by CSEA with a single collection of data for the entire three-year period with the same phases and timing envisaged in the general equalisation of the year 2019.

With Resolution 568/2019, ARERA introduced with effect from 2022 tariff regulation of reactive energy inputs used by end customers and distribution companies for all voltage levels. In this regard, the Authority published Determination 2/2021 – DIEU, in which it established that every distribution company directly connected to the national high and very-high transmission grid needs to send the Authority information by 30 June 2021 on (i) the quantities referring to the volumes of reactive energy, (ii) the type and annual amount of interventions implemented since 2017, as well as the ones planned by 2024, in order to check on the voltage and manage reactive energy inputs and withdrawals from the transmission grid.

Resolution 449/2020/R/eel perfected the rules on network losses for the three years 2019-2021. In particular, the algorithm for calculating the delta equalisation relating to the value of the difference between the effective losses and the standard losses starting from the year 2019 was modified; the percentage factor applied for equalisation purposes for commercial losses of electricity on the networks with obligation to connect third parties for the "centre" zone and for the LV voltage level was modified, going from 2.0% to 1.83%.

In addition, with a specific application to be presented by the end of May 2022, the resolution provides for recognition of network losses attributable to non-recoverable fraudulent withdrawals that manifest with exceptional amounts compared to the levels recognised conventionally. The recognition is provided for exclusively in the case of a negative net equalisation balance on the three years 2019-2021 and will have a value at the most equal to what is necessary to reduce this balance to zero.

With Resolution 293/2020/R/eel, ARERA approved the plan of commissioning the 2G smart metering systems presented by ARETI and determined the related conventional

commissioning plan and the expenses envisaged for the plan for the purposes of recognition of the costs of capital.

With Resolution 461/2020/R/eel, the rules were defined for the payment to the electricity distribution companies of the otherwise non-recoverable expenses for failure to collect the tariffs for the network services. The CSEA is to quantify and settle the receivables not recoverable by distribution companies in relation to the network tariffs. By and no later than 7 December 2020, the distribution companies could request to the CSEA to receive by 31 December 2020 the disbursement of an advance equal to 50% of the full payment amount. On 4 December 2020, CSEA was asked for the advance of an amount of approximately Euro 5.8 million, and this was received on 31 December 2020.

With Resolution 109/2021/R/eel, ARERA defined the procedures for providing the transmission, distribution and dispatching service in the event of (i) withdrawal of electricity for consumption relating to ancillary generation services and of (ii) withdrawal of electricity subsequently fed back into the grid from the storage system. According to said resolution, starting from 1 January 2022, electricity withdrawn for the subsequent feeding into the grid will be handled, on request of the producer, as negative electricity fed in for the purposes of accessing transport, distribution and dispatching services. Resolution 560/2021/R/EEL postponed the application of the rules on transmission, distribution and dispatching services for electrochemical storage, as referred to in Resolution 109/2021/R/EEL, to 1 January 2023.

ARERA published Resolution 560/2021/R/EEL, postponing the application of the regulation for transmission, distribution, and dispatching services for electrochemical storage, initially set by Resolution 109/2021/R/EEL, from January 1, 2022, to January 1, 2023. This delay is granted upon submission of a request by the manufacturer or the applicant for connection to the Network Operator in accordance with the model provided by DMEA 5/2022.

The Authority also issued Resolution 472/22, complementing the regulation introduced by Resolution 109/21 on ancillary services and storage systems. This resolution outlines guidelines for:

- Determining penalties if the declared power in the certified expert report for ancillary services and/or storage systems exceeds 110% of the stated value;
- Redefining the duration of the time interval for quantifying the electrical energy taken, to facilitate subsequent input into the network through a partition coefficient; and
- Defining the procedure for replacing measuring equipment to provide hourly measurement data of electricity.

Additionally, the Authority published Resolution 142/2023/R/eel, updating the TIS and TIME regulations to enable sellers, distribution companies, and Terna to appropriately manage the electricity taken from plant configurations that access the new regulations introduced by Resolution 109/2021/R/eel. This resolution regulates the methods for transmitting data related to electricity used for auxiliary generation services, electricity withdrawn, and subsequently re-fed into the grid by storage systems, as well as the net drawn energy.

With resolution 614/2021/R/com, the criteria for determining and updating the remuneration rate for capital invested in infrastructure services for the electricity and gas sectors for 2022-2027 were updated, setting the rate at 5.2% for electricity distribution and metering and 5.6% for gas distribution and metering. At the same time, ARERA published the consulting document 615/2021/R/com containing "Guidelines for developing ROSS-base regulations to apply to all regulated electricity and gas infrastructure services" which describes the

methodological approach it intends to follow in developing ROSS systems (Regulation for Spending and Service Objectives), for tariff regulation of electricity and gas infrastructure services. The ROSS methodology will replace the current regulatory approach that entails separate recognition of operating and capital expense, in favour of a system based on the concept of "total reference spending", the application of sharing ratios relative to total efficiency and the application of capitalisation rates set by the regulator. This new approach is currently still in the consulting stage.

During 2022, with resolution 527/2022/R/com ARERA has launched a procedure for the adoption of provisions on regulation criteria for spending and service targets ("**ROSS-integrale**") and has published the consulting documents 317/2022/R/com and 655/2022/R/com, both containing criteria for determining the recognized cost according to the "ROSS-base" approach. Finally, on 22 November 2022, ARERA published resolution 599/2022/E/com which began an audit campaign with reference to documents on the topic of accounting separation and declared investments for a sample of regulated companies in the electricity distribution and natural gas distribution and transport sectors for the years 2018-2021.

With the Resolution n. 163/2023/R/COM, ARERA published the TIROSS (Integrated Text of the ROSS mechanism) for the period 2024-2031, which defines the general criteria for the implementation of the new methodology, and approved Part I, containing shared provisions, as well as part II, dedicated to ROSS-base. This Resolution also confirmed the guidance anticipated in DCO 655/2022/R/ com, postponing the definition of specific parameters for future specific provisions relative to each regulated infrastructure service.

### ***Provisions in favour of groups impacted by the exceptional weather events starting on 1 May 2023***

Following the exceptional weather events in May 2023 in Emilia-Romagna, ARERA urgently arranged, with resolution 216/2023/R/com, suspension of payment for invoices issued or to be issued with due dates from 1 May 2023 on and consequently regulations for suspension due to arrears, also in the case of arrears occurring prior to the same date of 1 May 2023.

In the subsequent Resolution 267/2023/R/com, ARERA provided further clarification regarding the suspension period for users situated in the affected areas (listed in Annex 1 to Decree Law 61/23), setting it at 4 months, from 1 May 2023, to 31 August 2023. Additionally, ARERA mandated the automatic establishment of 12 instalment payments for these amounts.

To assist sellers, ARERA introduced an advance mechanism for the suspended payment amounts. However, access to this mechanism is contingent upon demonstrating financial difficulties, or if the suspension affects users that represent over 3% of total sales for the first 4 months of 2023.

Through subsequent Resolution 390/2023/R/com, ARERA extended the suspension of payment terms for those in Emilia-Romagna until 31 October 2023. Unlike the previous automatic suspension, obtaining this extension required an explicit request from the end customer.

In Resolution 565/2023/R/com, ARERA regulated tariff subsidies applicable to suspended consumption. Customers are required to request their vendors to apply the subsidies.

As expected due to the urgency of the topic, which made prior consultation impossible, ARERA nevertheless collected the contributions of all interested parties and therefore published resolution 10/2024/R/com which integrates and clarifies the previously approved regulations; in particular, ARERA has identified 30 June 2024 as the deadline for requesting

the benefits and has postponed to 31 October 2024 (from the previous 31 March) the deadline for issuing the invoicing which accounts for the amounts suspended until 31 October 2023 and the tariff subsidies applicable.

### ***Provisions in favour of groups impacted by the exceptional weather events starting on 2 November 2023***

Following the exceptional weather events in Tuscany starting on 2 November 2023, with resolution 519/2023/com, ARERA ordered the suspension of the terms of payment for invoices issued or to be issued with a due date of 2 November 2023 or later, without application of the suspension due to arrears rules for users located in the sites identified by the Emergency Commissioner.

With the subsequent resolution 50/2024/R/com, ARERA integrated the previous regulation by specifying that the period of suspension of payment terms is equal to 6 (six) months starting from the date of 2 November 2023 or until 2 May 2024. With the same resolution it was also established that, within two months of the end of the suspension, the seller is required to communicate the value of the payments subject to suspension and to automatically pay them in instalments of no less than 20 euros for a period of 12 months.

### ***Continuity of the service***

With the Integrated text on output-based regulation in force from 1 January 2020, the Authority introduced the possibility for the DSOs to present regulatory experiments to improve the service quality in particularly critical contexts. A specific feature of these experiments is the suspension of the penalties for the experimental period and their non-retroactive application if the target levels for the indicators of number and duration of interruptions without notice, set by the current regulations, are achieved.

In this context, ARETI presented its proposal, outlining a process for improving the technical quality indicators different from that defined by the ordinary regulation. This proposal was approved by the Authority with Determination 20/2020 of this past 20 November.

Very briefly, the measure postpones to 2024 the calculation of the bonuses and penalties for the entire four-year period 2020-2023 and provides for the activation of an additional bonus mechanism if the target proposed for 2023 is achieved and the effective annual levels achieved are better than those proposed in the experimentation. Two specifications:

- the total bonus obtained cannot be more than that achievable in the ordinary regulation; and
- in the event of non-achievement of the improvement commitment indicated, ARETI must pay any penalties that it would have incurred in the four-year period, in the absence of an extension.

As regards the 2019 accrual, the national service continuity results were made known with Resolution 462/2020/R/eel; these confirmed for ARETI a penalty of Euro 5.4 million.

### ***Development and Resilience Plan***

With Resolution 500/2020/R/eel the 2020-2022 resilience plan sent by Areti on 30 June 2020, including the final results of the actions completed in 2019, was approved: for actions already previously included in the 2019-2021 plan and not yet completed the completion dates were confirmed, without taking into consideration the delaying effects associated with the emergency situation in progress.

In addition, Resolution 563/2020/R/eel awarded to the Company the bonus of approximately Euro 3.1mn with reference to the actions completed in 2019.

With Resolution 536/2021, the Authority established which interventions to increase distribution network resilience, related to the 2021-2023 resilience plan, qualify for bonuses and/or penalties. Also, Resolution 537/2021/R/EEL determined the bonuses and penalties relating to the electricity distribution network resilience increase interventions concluded in 2020.

With consultation document 173/2023/R/eel ARERA outlined the guidelines to identify performance priorities and indicators for more selective development of investments in electricity distribution networks and for the progressive introduction of provisions for the consultation and preparation of distribution network development plans. With DCO 173/2023, postponing the due date for the presentation of the development plans, ARERA proposed new content and methodology for the preparation of the 2023 plans to the distributors.

Subsequently, ARERA published resolution 296/2023 in which it defined the schedule for the preparation and public consultation of distribution network development plans, as well as introducing certain initial requirements for preparation of the same, while awaiting additional provisions. In particular, distributors with more than 100,000 end customers must present ARERA with a 2023 development plan by 30 September, simultaneously beginning a public consultation period of at least 30 days, as Areti did on 2 September 2023, publishing the document on its website. Following the consultation, each distribution company will present its development plan to ARERA by 30 November 2023, possibly updated based on that resulting from the consultation, together with the comments received and their responses, indicating any changes made. Starting in 2025, each distribution company with at least 100,000 end customers will present the scheme of their development plan to ARERA by 31 March of each odd year, at the same time each distribution company with at least 100,000 end customers will begin a public consultation on the same scheme, lasting at least 42 days. Following the consultation, each distribution company with at least 100,000 end customers will present its development plan to ARERA by 30 June of each odd year, possibly updated based on that resulting from the consultation, together with the comments received and their responses, indicating any changes made.

ARERA published resolution 422/2023, which establishes the bonuses for projects to improve the resilience of the electricity distribution network completed in 2022. The net amount of the resilience bonus for 2022 that CSEA had to pay to Areti by November 2023 is Euro 5,635,481.55.

### ***Energy efficiency certificates and tariff contribution awarded to distributors***

On 14 July 2020, Resolution 270/2020/R/efr was published; this contained the new rules for defining the tariff contribution to cover the costs incurred by DSOs with regard to obligations arising from the mechanism of energy efficiency certificates. The measure confirms the value of the cap on the tariff contribution of Euro 250/TEE and introduces, starting from the current obligation year, a consideration additional to this contribution, to be awarded to each distributor for each TEE used to comply with its obligations. On the one hand, ARERA repeats that it considers the cap an instrument necessary to limit the changes in market prices, on the other, it considers opportune to provide for an additional consideration in support of distributors in the light of the economic losses that they are forced to incur owing to the scarcity of TEEs available. On 13 October 2020 the Company presented an appeal for cancellation of the resolution.

The resolution, in addition, introduced the possibility of requesting from CSEA the extraordinary consideration in advance of 18% of the specific target for the 2019 obligation year, in order to finance distributors which having already acquired TEEs at the beginning of the period, then suffered the negative effects of the extensions of the end date of the obligation year laid down in the Italian Relaunch Decree Law (30 November 2020). ARETI presented an application on 31 August 2020.

In December 2020, Resolution 550/2020/R/efr confirmed the value of Euro 250/TEE for the tariff contribution awarded for the 2019 obligation year and fixed at Euro 4.49/TEE the value of the additional consideration.

On 31 May 2021, the Decree of the Ministry for the Ecological Transition containing the "Determination of national energy saving. Targets that could be pursued by electricity and gas distribution companies for 2021-2024 (so-called white certificates)" extended the expiry of the 2020 obligation year to 16 July 2021. The Authority subsequently published Determination 6/2021-DMRT, whereby it determined the primary energy saving obligations for electricity and natural gas distributors for the 2020 obligation year.

On 3 August 2021, the Authority issued Resolution 358/2021/R/efr, with which it confirmed the cap at Euro 250/TEE and the additional unit fee at Euro 10/TEE. In light of the extension of the deadline for the 2020 obligation year to 16 July 2021 and the regulatory uncertainty still existing in the run up to this deadline, the Authority published Resolution 547/2021/R/efr, in which it confirmed its intentions stated in DCO 359/2021/R/efr. In particular, the Authority established that electricity and natural gas distributors will be granted an exceptional additional component of Euro 7.26/TEE for each certificate delivered at the end of the 2020 obligation year, applicable to their own specific target for that obligation year and to any remaining portions of the targets for the 2018 and 2019 obligation years, but not beyond the threshold of their own updated specific target. The exceptional component was envisaged to cover the extra costs incurred by operators for the difficulties in procuring the TEE needed for the upcoming target deadlines. ARERA published determination 16/2021 – DMRT with which it defined the 2021 EEC obligation for the company, totalling 16,580 EECs, as well as determination 7/2022 – DMRT which defines the 2022 EEC obligation, totalling 27,881 EECs. With resolution 454/2023/R/efr, following DCO 382/2023, ARERA increased the single tariff contribution paid as an advance to distributors meeting their energy saving requirements in the context of the TEE mechanism and revised the maximum percentages of the obligations which can be complied with in the said session. In particular, for each obligation year (t) the single tariff contribution is paid in advance for each energy efficiency certificate received in the period between the start of the obligation year and the subsequent 30 November for quantities not to exceed:

- 50% of the relevant specific target for the same obligation year (t);
- 100% of each of any residual portions of the target for the obligation year (t-2) and the relevant target for obligation year (t-1);
- the single tariff contribution paid in advance is equal, for each obligation year (t), to:
- the sum of the single tariff contribution and the additional single payment for obligation year (t-1), relative to a quantity of certificates not to exceed 50% of the obligation assigned to each company for the same obligation year (t);
- Euro 240.00/TEE relative to the amount of excess certificates.



CSEA pays the contribution in advance to the DSO within 60 days of the completion of GSE verifications, with interest for each day of delay equal to the reference rate set by the European Central Bank, with a minimum of 0.5%.

### ***Electric mobility***

With Resolution 541/2020/R/eel the Authority launched national experimentation destined for LV customers, aimed at facilitating the installation of e-car rechargers in private areas.

Acceptance is voluntary and free and access is subordinated to observance of a number of conditions:

- the customer must be at LV with contractually committed power of not more than 4.5 kW and not less than 2 kW;
- the POD must be fitted with a 1G o 2G remotely-managed meter. In this second case, any multi-hour bands set by the vendor must enable identification of the withdrawals made in night, weekend and holiday bands;
- a recharging device must be electrically connected to the meter; this device must at least be capable of:
  - measuring and recording the active recharging power and transmitting this figure to an external subject (e.g. an aggregator); and
  - reducing/increasing or reinstating the maximum recharging power.
- customers must give their consent to checks and controls also in their homes and are required to communicate promptly any change to the system or contract that occurs during the experimentation.

Following Resolution 540/2023/R/eel - *Regulatory initiatives to support the progressive decarbonisation of consumption and the implementation of provisions contained in Legislative Decree 210/21 and Legislative Decree 199/21 on electric mobility*, ARERA published Resolution 634/2023/R/eel.

Given the complexity of the topic—future developments of charging in public and private places aimed at rationalizing and enhancing the efficiency of electricity networks, as well as facilitating the electrification of consumption for decarbonisation—and the tight deadlines, the consultation was divided into two phases:

- Extension of the BTVE tariff and experimentation 541/2020, which are the most urgent issues due to their impact in 2024.
- Evolution of the tariff for points in public and private places.

With the update of the tariff for distribution and metering services (Resolution 616/2023/R/eel), ARERA effectively extended the transmission, distribution, and metering tariff applied to withdrawal points dedicated exclusively to charging electric vehicles in publicly accessible places (specifically the BTVE). Additionally, Resolution 634/2023/R/eel extended the 541/2020 experimentation until the end of 2025, allowing greater power availability for home charging of electric vehicles during night/holiday time slots (F3) without changes to tariffs or taxes.

Simultaneously, the resolution:

- Reopens the deadlines to allow new customers to join the trial until December 31, 2024 (with further extensions to be evaluated during the year).
- Clarifies that there must be continuity in applying the experimental criteria to a withdrawal point in the event of any seller change operations initiated by the participating customer.

## TAXATION

*The following is a general description of certain Italian, US and EU tax considerations relating to the Notes. They apply to a holder of Notes only if such holder purchases its Notes under this Programme. It is a general summary related to certain categories of investors in the Notes and it does not cover other matters and all categories of investors in the Notes and it does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. It does not discuss every aspect of taxation that may be relevant to a holder of Notes if such holder is subject to special circumstances or if such holder is subject to special treatment under applicable law. Furthermore, it does not cover the tax regime of notes similar to shares. This summary assumes that the Issuer is resident only in Italy for tax purposes (without a permanent establishment abroad) and that the Issuer is a company listed on the Italian Stock Exchange and is organised (and its business will be conducted) as outlined in this Base Prospectus. Changes in the Issuer's tax residence, organisational structure or in the manner in which the Issuer conducts its business may invalidate this summary.*

*Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries.*

*This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date which changes could be made on a retroactive basis. The issuer will not update this summary to reflect changes in laws and if any such changes occur the information in this summary could become invalid.*

### **Taxation in the Republic of Italy**

#### *Tax treatment of the Notes*

Legislative Decree No. 239 of 1 April 1996, as subsequently amended ("**Decree 239**") provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between repayment amount and the issue price) from certain securities falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*), issued, *inter alia*, (i) by public entities transformed in limited companies, pursuant to specific law provisions and (ii) by company listed in a regulated market. For this purpose, bonds and debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at redemption, an amount not lower than their nominal value and which do not grant the holder any direct or indirect right of participation to (or of control of) management of the issuer or of the business in relation to which they have been issued.

#### *Italian resident Noteholders*

Where the Italian resident Noteholder is (a) an individual not engaged in an entrepreneurial activity to which the relevant Notes are connected; (b) a non commercial partnership; (c) a non commercial private or public institution; or (d) an investor exempt from Italian corporate income taxation (unless the Noteholders under (a), (b), or (c) opted for the application of the "**risparmio gestito**" regime — see under "**Capital gains tax**", below), interest, premium and other income relating to the Notes, paid, are subject to a substitute tax, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent. In the event that Noteholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the

*imposta sostitutiva* applies as a provisional tax and may be deducted from the taxation on income due.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relating to the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements from time to time set forth under Italian law.

Where an Italian resident Noteholder is a company or similar commercial entity (including commercial trusts) or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected and the Notes are deposited with an authorised intermediary, interest, premium and other income from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate income taxation ("**IRES**") and, in certain circumstances, depending on the "status" of the Noteholder, also to the regional tax on productive activities ("**IRAP**").

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001 ("**Decree 351**"), as clarified by the Italian Revenue Agency (*Agenzia delle Entrate*) through Circular No. 47/E of 8 August 2003 and Circular No. 11/E of 28 March 2012, payments of interest, premiums or other proceeds in respect of the notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 14-*bis* of Law No. 86 of 25 January 1994 and Italian Real Estate SICAFs ("**Real Estate SICAFs**") ("*Società di investimento a capitale fisso*") are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of the real estate investment fund or the Real Estate SICAF.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund or a SICAF ("*Società d'investimento a capital fisso*") or a SICAV ("*Società di investimento a capitale variabile*") established in Italy and either (i) the fund, the SICAF or the SICAV or (ii) their manager is subject to the supervision of a regulatory authority (the "**Italian Fund**"), and the relevant Notes are held by an authorised intermediary, interest, premium and other income accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Italian Fund. The Italian Fund will not be subject to taxation on such results.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax.

Subject to certain limitations and requirements (including a minimum holding period), interest, premium and other income relating to the Notes may be excluded from the taxable base of the 20 per cent. substitutive tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements from time to time set forth under Italian law.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Italian Ministry of Economy and Finance ("**MEF**") (each an "**Intermediary**") as subsequently amended and integrated.

An Intermediary must (a) be (i) resident in Italy or (ii) be a permanent establishment in Italy of a non Italian resident financial intermediary or (iii) an entity or a company not resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the MEF having appointed an Italian representative for the purposes of Decree 239; and (b) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Noteholder.

#### *Non Italian tax resident Noteholders*

Where the Noteholder is a non Italian tax resident, without a permanent establishment in Italy to which the Notes are connected, an exemption from the *imposta sostitutiva* applies provided that the non Italian tax resident Noteholder is either:

- (a) the beneficial owner of the Notes and resident, for tax purposes, in a Country which allows for a satisfactory exchange of information with Italy; or
- (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or
- (c) a Central bank or an entity which manages, inter alia, the official reserves of a foreign State; or
- (d) an institutional investor which is established in a Country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of establishment.

The Countries which allow for a satisfactory exchange of information with Italy are listed in the Ministerial Decree 4 September 1996, as amended and supplemented by Ministerial Decree dated 23 March 2017. Pursuant to Article 11(4)(c) of Decree 239 the list will be updated every six months (the "**White List**"). Pursuant to Article 1-bis of Ministerial Decree of 4 September 1996, the MEF retains the right to test the actual compliance of each Country included in the list with the exchange of information obligation and, in case of reiterated violations, to remove from the list the uncooperative Countries.

In order to ensure gross payment, certain procedural requirements must be satisfied. In brief, non resident investors must be the beneficial owners of payments of interest, premium or other income and (a) deposit, directly or indirectly, the Notes with a bank or a SIM or a permanent establishment in Italy of a non resident bank or SIM or with a non resident operator of a clearing system having appointed as its agent in Italy for the purposes of Decree 239 a resident bank or SIM or a permanent establishment in Italy or a non resident bank or SIM which are in contact via computer with the MEF and (b) timely file with the relevant depositary a statement of the relevant Noteholder, to be provided only once, until revoked or withdrawn, in which the Noteholder declares to be eligible to (and requires) benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy or in the case of foreign Central Banks or entities which manage the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree 12 December 2001. Additional statements may be required for non-Italian resident Noteholders who are

institutional investors. In any case specific procedures shall have to be verified on a case by case basis.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. to interest, premium or other income paid to Noteholders who do not qualify for the exemption.

Noteholders who are subject to the *imposta sostitutiva* might, nevertheless, be eligible for a total or partial relief under an applicable tax treaty between the Republic of Italy and the country of residence of the relevant Noteholder.

### **Fungible issues**

Pursuant to Article 11, paragraph 2 of Decree 239, where the Issuer issues a new tranche forming part of a single series with the first tranche (fungible issue), for the purposes of calculating the amount of interest and other proceeds subject to *imposta sostitutiva* (if any), the issue price of the new tranche will be deemed to be the same as the issue price of the first tranche. This rule applies where (a) the new tranche is issued within 12 months from the issue date of the first tranche and (b) the difference between the issue price of the new tranche and that of the first tranche does not exceed 1% of the nominal value of the Notes multiplied by the number of years of the duration of the Notes.

### **Atypical Securities**

Any proceeds relating to Notes that are not deemed to fall within the category of bonds (*obbligazioni*), debentures similar to bonds (*titoli similari alle obbligazioni*), shares or securities similar to shares pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986 may be characterized as so-called atypical securities (*titoli atipici*) subject to a withholding tax, levied at the rate of 26 per cent. pursuant to Article 5 of Law Decree No. 512 of 30 September 1983.

Where the Noteholder is (a) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected, (b) an Italian company or a similar Italian commercial entity, (c) a permanent establishment in Italy of a foreign entity, (d) an Italian commercial partnership or (e) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from Italian withholding tax on proceeds received under Notes classifying as atypical securities, if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth under Italian law.

In all other cases, including when the Noteholder is a non Italian resident, the withholding tax is a final withholding tax. For non Italian resident Noteholders, the withholding tax rate may be reduced by any applicable tax treaty.

### **Capital gains tax**

Any gain obtained from the sale or transfer or redemption of the Notes if realised (i) by an Italian company or (ii) a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or (iii) Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected, would be

treated as part of the taxable income subject to IRES and, in certain cases, depending on the status of the Noteholder, also as part of the net value of the production for IRAP purposes.

Where an Italian resident Noteholder is (i) an individual not holding the Notes in connection with an entrepreneurial activity; (ii) a non commercial partnership; (iii) a non commercial private or public institution, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 26 per cent. pursuant to the provisions set forth by the Legislative Decree of the 21 November 1997, No. 461 ("**Decree 461**").

For the purposes of determining the taxable capital gain, any interest on the Notes accrued and unpaid up to the time of, respectively, the purchase and the sale of the Notes must be deducted both from the purchase price and the sale price.

In respect of the application of the *imposta sostitutiva*, Noteholders under (i) to (iii) just above, under certain conditions, may opt for one of the three regimes described below.

- (a) Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for the relevant Noteholders, the *imposta sostitutiva* on capital gains will be chargeable, on a yearly cumulative basis, on all capital gains, net of any incurred capital loss, realised by the relevant Noteholders pursuant to all sales or transfer or redemptions of the Notes carried out during any given tax year. Relevant Noteholders must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.
- (b) As an alternative to the tax declaration regime, relevant Noteholders may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the relevant Notes (the "***risparmio amministrato***" regime). Such separate taxation of capital gains is allowed subject to (i) Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries (including permanent establishments in Italy of foreign intermediaries); and (ii) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or transfer or redemption of Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or transfer or redemption of Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in its annual tax return.
- (c) Any capital gains realised by relevant Noteholders who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so called "***risparmio gestito***" regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any decrease in value of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued

in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in its annual tax return.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity may be exempt from Italian capital gain taxes, including the *imposta sostitutiva*, on capital gains realised upon sale or redemption of the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements from time to time set forth under Italian law. According to article 1(221-226) of Finance Act 2020 (Law No. 178 of 30 December 2020), under some conditions, capital losses realised upon sale or redemption of the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets specific requirements, give rise to a tax credit amounting to the lower of the capital losses and: (i) the 20% of the amount invested in the long-term saving accounts (*piano di risparmio a lungo termine*) for investments made by 2021; and (ii) the 10% of the amount invested in the long-term saving accounts (*piano di risparmio a lungo termine*) for investments made by 2022.

Any capital gains realised by a Noteholder which is an Italian Fund will not be subject to *imposta sostitutiva* but will be included in the result of the relevant portfolio. Such result will not be taxed with the Italian Fund.

Any capital gains realised by a Noteholder which is an Italian pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 20 per cent. substitute tax.

Subject to certain limitations and requirements (including a minimum holding period), interest, premium and other income relating to the Notes may be excluded from the taxable base of the 20 per cent. substitutive tax if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements from time to time set forth under Italian law.

Any capital gains realised by Italian resident real estate fund and the Real Estate SICAFs to which the provisions of Decree 351, as subsequently amended, apply will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate fund or Real Estate SICAFs.

Capital gains realised by non-Italian resident Noteholders (without a permanent establishment in Italy to which the Notes are effectively connected) from the sale, early redemption or redemption of Notes issued by an Italian resident Issuer are not subject to Italian taxation, provided that the Notes are traded on regulated markets and regardless of whether the Notes are held in Italy.

Capital gains realised by non-Italian resident Noteholders (without a permanent establishment in Italy to which the Notes are effectively connected) from the sale, early redemption or redemption of Notes issued by an Italian resident Issuer not traded on regulated markets may in certain circumstances be taxable in Italy if the Notes are held in Italy. However, a non-Italian resident Noteholder (without a permanent establishment in Italy to which the Notes are effectively connected) is not subject to the *imposta sostitutiva* on capital gains realised upon sale, early redemption or redemption of the Notes provided that he/she/it: (a) is the beneficial owner of the Notes and is resident in a Country included in the White List; or (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (c) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) is an institutional investor which is established in a



Country included in the White List, even if it does not possess the status of a taxpayer in its own country of establishment.

If none of the conditions above are met, capital gains realised by non-Italian resident Noteholders from the sale or transfer or redemption of Notes issued by an Italian resident Issuer are subject to the *imposta sostitutiva* at the current rate of 26 per cent.

In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are connected, that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale, early redemption or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale, early redemption or redemption of Notes.

### **Inheritance and gift taxes**

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

- (e) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding, for each beneficiary, €1,000,000;
- (f) transfers in favour of relatives to the fourth degree or relatives in law to the third degree, are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, €100,000; and
- (g) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above in (a), (b) and (c) on the value exceeding, for each beneficiary, €1,500,000.

The *mortis causa* transfer of financial instruments included in a long-term savings account (*piano di risparmio a lungo termine*) – that meets all the requirements from time to time set forth under Italian law – is exempt from inheritance tax.

### **Transfer tax**

Contracts relating to the transfer of securities are subject to the following registration tax: (i) public deeds and notarised deeds are subject to fixed registration tax at a lump sum of €200.00; (ii) private deeds are subject to registration tax only in case of use or voluntary registration or on the occurrence of the "*enunciazione*".

### **Stamp duty (*bollo*)**

Pursuant to Article 13(2-ter) of the Tariff attached to Presidential Decree No. 642 of 26 October 1972, as amended from time to time ("**Decree 642**"), a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients for the Notes deposited therewith and, in any case, once per year. As of 1 January 2014, the stamp duty applies at a rate of 0.2 per cent. and, for taxpayers other than individuals, cannot exceed €14,000. This stamp duty is determined on the basis of the market

value or – if no market value figure is available – the nominal value or redemption amount of the Notes held. Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a "client" (as defined in the regulations issued by the Bank of Italy on 20 June 2012, as subsequently amended and supplemented) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

### **Wealth Tax on securities deposited abroad (IVAFE)**

Pursuant to Article 19(18-23) of Decree No. 201 of 6 December 2011, as amended and supplemented, individuals, non-profit entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Presidential Decree No. 917 of 22 December 1986) resident in Italy for tax purposes holding the Notes outside the Italian territory without the involvement of an Italian financial intermediary are required to pay an additional tax at a rate of 0.2 per cent. (starting from January 1, 2024, the wealth tax applies at a rate of 0.40 per cent if the Covered Bonds are held in a country listed in the Italian Ministerial Decree dated 4 May 1999, pursuant to the provisions of Law No. 213/2023), which is determined in proportion to the period of ownership. The wealth tax cannot exceed €14,000 per year for taxpayers other than individuals. In this case the above-mentioned stamp duty provided for by Article 13 of the Tariff attached to Decree 642 does not apply.

This tax is calculated on the market value of the Notes at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value, or in the lack thereof, on the purchase price, of such financial assets held outside the Italian territory. If the financial assets are no longer held at year end, reference shall be made to the value at the end of the holding period.

Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

If the financial assets held abroad are deposited with or administered by Italian financial intermediaries pursuant to an administration agreement, they are excluded from the scope of the above wealth tax. In this case, the above-mentioned stamp duty provided for by Article 13 of the Tariff attached to Decree 642 does apply.

### **Tax monitoring obligations**

According to the Law Decree No. 167 of 28 June 1990, converted with amendments into Law No. 227 of 4 August 1990, as amended from time to time, individuals, non-profit entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Presidential Decree No. 917 of 22 December 1986) resident in Italy for tax purposes, under certain conditions, are required to report for tax monitoring purposes in their yearly income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return) the amount of investments (including the Notes) directly or indirectly held abroad, regardless of the value of such assets (save for deposits or bank accounts having an aggregate value not exceeding a Euro 15,000 threshold throughout the year, which *per se* do not require such disclosure).

The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the actual owner of the instrument pursuant to the anti money-laundering legislation (Legislative Decree No. 231 of 21 November 2007).

Furthermore, the above reporting requirement is not applicable with respect to: (i) Notes deposited for management with qualified Italian financial intermediaries; (ii) contracts entered into through the intervention of qualified Italian financial intermediaries, upon condition that the items of income derived from the Notes have been subject to tax by the same intermediaries.

### **European Directive on Administrative Cooperation**

Legislative Decree No. 29 of 4 March 2014, as supplemented from time to time, has implemented the EU Council Directive 2011/16/EU, as amended, on administrative cooperation in the field of taxation (the "**DAC**").

The main purpose of the DAC is to extend the automatic exchange of information mechanism between Member States, in order to fight against cross border tax fraud and tax evasion. The new regime under DAC is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014.

Prospective investors should consult their tax advisers on the tax consequences deriving from the application of the DAC.

The Directive on Administrative Cooperation (2014/107/EU) of December 9, 2014 ("**DAC 2**") implemented the exchange of information based on the Common reporting Standard ("**CRS**") within the EU. Under CRS, participating jurisdictions will obtain from reporting financial institutions, and automatically exchange with exchange partners on an annual basis, financial information with respect to all reportable accounts identified by financial institutions on the basis of common due diligence, and reporting procedures.

The EU Council Directive 2018/822/EU of 25 May 2018 ("**DAC 6**") implemented the mandatory automatic exchange of information in the field of taxation in relation to reportable cross-border arrangements. Under DAC 6 intermediaries which meet certain criteria and taxpayers are required to disclose to the relevant Tax Authorities certain cross-border arrangements, which contain one or more of a prescribed list of hallmarks, performed from 25 June 2018 onwards.

Prospective investors should consult their tax advisers on the tax consequences deriving from the application of the Directive on Administrative Cooperation.

### **The proposed financial transactions tax ("FTT")**

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear.

In the *"Commission Staff Working Document - Accompanying the document Amended Proposal for a Council Decision amending Decision (EU, Euratom) 2020/2053 on the system of own resources of the European Union"* (n. SWD/2023/331 final) dated 20 June 2023, addressing the FTT proposal, the EU Commission expressed the view that *"There is little expectation that any proposal would be agreed in the short term"*.

Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

### **Foreign Account Tax Compliance Act**

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non U.S. financial institution (a "**foreign financial institution**", or "**FFI**" (as defined by FATCA)) that does not become a "Participating FFI" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "**United States Account**" of the Issuer (a "**Recalcitrant Holder**"). The Issuer does not expect to be classified as an FFI that is subject to withholding under FATCA.

The FATCA regime is now in effect and will apply to "**foreign passthru payments**" (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the "**grandfathering date**", which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued before the grandfathering date, and additional Notes of the same series are issued on or after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "**Model 1**" and "**Model 2**" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "**Reporting FI**" not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "**FATCA Withholding**") from payments it makes (unless it has agreed to do so under the U.S. "**qualified intermediary**," "**withholding foreign partnership**," or "**withholding foreign trust**" regimes). The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the

IRS. The United States and Italy have entered into an agreement (the "US Italy IGA") based largely on the Model 1 IGA on 10 January 2014. Nevertheless, the full impact of such an agreement on the Issuer and the Issuer's reporting and withholding responsibilities under FATCA is – at this stage – not completely clear.

While not expected, if the Issuer is treated as an FFI that is subject to withholding under FATCA, the Issuer would expect to be treated as a Reporting FI pursuant to the US Italy IGA and does not anticipate being obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. Accordingly, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

If an amount in respect of FATCA Withholding were to be deducted or withheld from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

Whilst the Notes are in global form and held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent, the depositary, common depositary or common safekeeper, given that each of the entities in the payment chain beginning with the Issuer and ending with the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non FATCA compliant holder could be subject to FATCA Withholding. However, definitive notes will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form.

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

## SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to any one or more of Banca Akros S.p.A., Banca Monte dei Paschi di Siena S.p.A., Banco Bilbao Vizcaya Argentaria, S.A., Banco Santander, S.A., Barclays Bank Ireland PLC, BNP PARIBAS, BofA Securities Europe SA, Citigroup Global Markets Europe AG, Crédit Agricole Corporate and Investment Bank, Deutsche Bank Aktiengesellschaft, Goldman Sachs International, ING Bank N.V., Intesa Sanpaolo S.p.A., J.P. Morgan SE, Mediobanca – Banca Di Credito Finanziario S.p.A., Morgan Stanley & Co. International plc, Natixis, Société Générale and UniCredit Bank GmbH (the "**Dealers**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and subscribed by, Dealers are set out in a Dealer Agreement dated 19 July 2024 (the "**Dealer Agreement**") and made between the Issuer and the Dealers. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and a single Dealer for that Tranche to be issued by the Issuer and subscribed by that Dealer, the method of distribution will be described in the relevant Final Terms as "Non-Syndicated" and the name of that Dealer and any other interest of that Dealer which is material to the issue of that Tranche beyond the fact of the appointment of that Dealer will be set out in the relevant Final Terms. If in the case of any Tranche of Notes the method of distribution is an agreement between the Issuer and more than one Dealer for that Tranche to be issued by the Issuer and subscribed by those Dealers, the method of distribution will be described in the relevant Final Terms as "Syndicated", the obligations of those Dealers to subscribe the relevant Notes will be joint and several and the names and addresses of those Dealers and any other interests of any of those Dealers which is material to the issue of that Tranche beyond the fact of the appointment of those Dealers (including whether any of those Dealers has also been appointed to act as Stabilisation Manager in relation to that Tranche) will be set out in the relevant Final Terms.

Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be subscribed by the Dealer(s) and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription. The Dealer Agreement makes provision for the resignation or termination of appointment of existing Dealers and for the appointment of additional or other Dealers either generally in respect of the Programme or in relation to a particular Tranche of Notes. The Dealer Agreement provides that the obligations of the initial purchasers to subscribe for Notes are subject to certain conditions precedent, including (among other things) receipt of legal opinions from counsel. Each new Dealer so appointed will be required to represent, warrant, undertake and agree to the following selling restrictions as part of its appointment.

The relevant Dealers will be entitled in certain circumstances to be released and discharged from their obligations in respect of a proposed issue of Notes under or pursuant to the Dealer Agreement prior to the closing of the issue of such Notes, including in the event that certain conditions precedent are not delivered or met to their satisfaction on or before the issue date of such Notes. In this situation, the issuance of such Notes may not be completed. Investors will have no rights against the Issuer or the relevant Dealers in respect of any expense incurred or loss suffered in these circumstances.

**United States of America:** *Regulation S Category 1/2; TEFRA D or TEFRA C as specified in the relevant Final Terms or neither if TEFRA is specified as not applicable in the relevant Final Terms or Drawdown Prospectus.*

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons

except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche, within the United States or to, or for the account or benefit of, U.S. persons, and such Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

#### **Prohibition of Sales to EEA Retail Investors**

Unless the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms (or are the subject of the offering contemplated by a Drawdown Prospectus) in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**EU MiFID II**"); or
  - (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of EU MiFID II; and
- (b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

#### **Prohibition of sales to UK Retail Investors**

Unless the Final Terms (or Drawdown Prospectus, as the case may be) in respect of any Notes specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms (or are the subject of the offering contemplated by a Drawdown Prospectus) in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

- (a) the expression "retail investor" means a person who is one (or more) of the following:

- (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (EUWA); or
  - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of the UK MiFIR; and
- (b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

### ***Other regulatory restrictions***

*Each Dealer has represented, warranted, undertaken and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant, undertake and agree, that:*

- (a) ***No deposit-taking:*** in relation to any Notes having a maturity of less than one year:
  - (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and:
  - (ii) it has not offered or sold and will not offer or sell any Notes other than to persons:
    - (A) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or
    - (B) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses,
 where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) ***Financial promotion:*** it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (c) ***General compliance:*** it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **Republic of Italy**

The offering of the Notes has not been registered with the *Commissione Nazionale per la Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that any offer, sale or delivery of the Notes



in the Republic of Italy or distribution of copies of this Base Prospectus or of any other document relating to the Notes in the Republic of Italy shall be effected in accordance with the Prospectus Regulation, all Italian securities, tax and exchange control and other applicable laws and regulation.

Accordingly, no Notes may be offered, sold or delivered, nor may copies of this Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (i) to qualified investors (*investitori qualificati*), as defined in Article 2, letter e), of the Prospectus Regulation, pursuant to Article 1(4), letter a), of the Prospectus Regulation and any applicable provision of Italian laws and regulations;
- (ii) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, and any other applicable Italian laws and regulations.

Any such offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy under paragraphs (i) or (ii) above must be:

- (a) made by *soggetti abilitati* (including investment firms, banks or financial intermediaries) permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993, as amended (the "**Italian Banking Act**"), Legislative Decree No. 58 of 24 February 1998, CONSOB Regulation No. 20307 of 15 February 2018 (in each case, as amended from time to time) and any other applicable laws and regulations;
- (b) in compliance with Article 129 of the Italian Banking Act and the relevant implementing guidelines of the Bank of Italy issued on 25 August 2015 (as amended from time to time), pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (c) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy and/or any other Italian authority.

## France

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in the Republic of France, and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Base Prospectus, the relevant Final Terms, any Drawdown Prospectus or any other offering material relating to the Notes and such offers, sales and distributions have been and will be made in the Republic of France only to (a) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*), and/or (b) qualified investors (*investisseurs qualifiés*), all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the *French Code monétaire et financier* and Article 2(e) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended.

## Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**FIEA**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer to sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, FIEA and other relevant laws and regulations of Japan.

## **Singapore**

Each Dealer has acknowledged that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, undertaken, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, undertake, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

## **General**

Each Dealer has represented, warranted undertaken and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant, undertake and agree, that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Final Terms or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Final Terms comes are required by the Issuer and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Final Terms or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed "*General*" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Final Terms (in the case of a

supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Base Prospectus.

## GENERAL INFORMATION

### Listing and admission to trading

Application has been made for Notes issued under the Programme to be admitted to trading on the regulated market of the Luxembourg Stock Exchange and to be listed on the official list of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purpose of EU MiFID II.

However, Notes may be issued pursuant to the Programme which are admitted to listing, trading and/or quotation by such competent authority, stock exchange and/or quotation system as the Issuer(s) and the relevant Dealer(s) may agree or which are not admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system.

The CSSF may at the request of the Issuer, send to the competent authority of another European Economic Area Member State (i) a copy of this Base Prospectus; and (ii) an Attestation Certificate.

### Authorisation

The establishment of the Programme was duly authorised by a resolution of the Board of Directors of the Issuer dated 10 March 2014. The 2023 update of the Programme were duly authorised on 16 December 2020. The Issuer has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

### Legal and Arbitration Proceedings

Save as disclosed in "*Description of the Issuer - Litigation*" starting on page 158 of this Base Prospectus, there are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Issuer and/or the Group.

### Significant/Material Change

Since 31 December 2023 there has been no material adverse change in the prospects of the Issuer or the Group nor since 31 December 2023 has there been any significant change in the financial performance or position of the Issuer and the Group.

### Auditors

The Issuer's independent auditors are PricewaterhouseCoopers SpA. PricewaterhouseCoopers SpA is registered under No. 119644 in the Register of Accountancy Auditors (Registro dei Revisori Legali), held by the Ministry of Economy and Finance, in compliance with the provisions of the Legislative Decree of 27 January 2010, No. 39. PricewaterhouseCoopers SpA, which is located at Piazza Tre Torri 2, 20145, Milan, Italy, is also a member of ASSIREVI, the Italian association of auditing firms.

The auditors' reports of PricewaterhouseCoopers SpA on the consolidated financial statements as of 31 December 2023 and 31 December 2022 and for the years then ended are incorporated by reference in this Base Prospectus.

## Documents on Display

For the period of 12 months following the date of this Base Prospectus, copies of the following documents (together, where appropriate, with English translations thereof) may be inspected during normal business hours at the offices of the Fiscal Agent at 60 avenue J.F. Kennedy, L-1855 Luxembourg and certain documents, including this Base Prospectus, are available in soft copy at the Issuer's website at <https://www.gruppo.acea.it/en/investors/financial-structure/emtn-programme>:

- (a) the by-laws (*Statuto*) of the Issuer;
- (b) the audited consolidated financial statements of the Issuer for the years ended 31 December 2022 and 2023;
- (c) the most recent annual consolidated financial information of the Issuer published from time to time, commencing with its audited annual consolidated financial statements as at and for the year ended 31 December 2023;
- (d) this Base Prospectus;
- (e) the Agency Agreement;
- (f) the Deed of Covenant;
- (g) the Programme Manual (which contains the forms of the Notes in global and definitive form); and
- (h) the Issuer-ICSDs Agreement (which is entered into between the Issuer and Euroclear and/or Clearstream with respect to the settlement in Euroclear and/or Clearstream of Notes in New Global Note form).

The audited consolidated financial statements of the Issuer for the years ended 31 December 2022 and 2023, which are incorporated by reference into this Base Prospectus, and the other documents incorporated by reference herein, will be available on the websites set forth in "*Information Incorporated by Reference*". In addition, copies of the by-laws (*Statuto*) of the Issuer and the provisions for meetings of the noteholders will be available on the Issuer's website (<https://www.gruppo.acea.it/en>).

This Base Prospectus will be available, in electronic format, on the website of the Luxembourg Stock Exchange ([www.LuxSE.com](http://www.LuxSE.com)).

## Material Contracts

Save as disclosed in "*Description of the Issuer – Material Contracts*" starting on page 166 in this Base Prospectus, and any supplement hereto, neither the Issuer nor any of its Subsidiaries has entered into any contracts in the last two years outside the ordinary course of business that have been or may be reasonably expected to be material to their ability to meet their obligations to Noteholders.

## Websites

The website of the Issuer is <https://www.gruppo.acea.it/en>. The information on <https://www.gruppo.acea.it/en> does not form part of this Base Prospectus, except where that

information has been incorporated by reference into this Base Prospectus. Other than the information incorporated by reference, the content of the Issuer's website has not been scrutinised or approved by the competent authority.

### **Clearing of the Notes**

The Notes have been accepted for clearance through Euroclear and Clearstream. The appropriate common code and the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Final Terms. The relevant Final Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

### **Issue Price and Yield**

Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions and the issue price of the relevant Notes or the method of determining the price and the process for its disclosure will be set out in the applicable Final Terms. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes set out in the applicable Final Terms will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

### **Potential Conflicts of Interest**

Certain of the Dealers and their respective affiliates have engaged, and may in the future engage, in investment banking and, commercial banking transactions with, and may perform services for, or may have provided financing to, and/or other related transactions with the Issuer and its affiliates, and may in the future perform services for them, in each case in the ordinary course of business. Furthermore, certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or the Issuer's affiliates or any entity related to the Notes. The Dealers and/or their affiliates may receive allocations of the Notes (subject to customary closing conditions), which could affect future trading of the Notes. Certain of the Dealers and their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short

positions in the Issuer's securities, including potentially the Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Furthermore, some of the Dealers, and their respective affiliates, have extended certain loans to the Issuer and the net proceeds of the issue of the Notes may be used by the Issuer to repay such loans in whole or in part (as further described in "*Use of Proceeds*"). In addition, the Dealers and their respective affiliates expect to receive customary fees and commissions for the issuance of the Notes offered hereby.

In particular, certain of the Dealers and their respective affiliates have granted significant financing to Issuer and its parent and group companies and they are one of their main financial lenders.

For the avoidance of doubt, for the purpose of this paragraph, the term "affiliates" also includes parent companies.

### **The Legal Entity Identifier**

The Legal Entity Identifier (LEI) code of the Issuer is 549300Q3448N041CTH56.

### **BNP PARIBAS, Luxembourg Branch Information**

BNP PARIBAS, Luxembourg Branch, being part of a financial group providing client services with a worldwide network covering different time zones, may entrust parts of its operational processes to other BNP Paribas Group entities and/or third parties, whilst keeping ultimate accountability and responsibility in Luxembourg.

Further information on the international operating model of BNP PARIBAS, Luxembourg Branch may be provided upon request.

## REGISTERED OFFICE OF THE ISSUER

**ACEA S.p.A.**  
Piazzale Ostiense, 2  
00154 Rome  
Italy

## JOINT ARRANGERS

**BNP PARIBAS**  
16 Boulevard des Italiens  
75009 Paris  
France

**Intesa Sanpaolo S.p.A.**  
Divisione IMI Corporate &  
Investment Banking  
Via Manzoni, 4  
20121 Milan  
Italy

**UniCredit Bank GmbH**  
Arabellastrasse 12  
81925 Munich  
Germany

## DEALERS

**Banca Akros S.p.A.**  
Viale Eginardo, 29  
20149 Milano  
Italy

**Banca Monte dei Paschi di Siena S.p.A.**  
Piazza Salimbeni, 3  
53100 Siena  
Italy

**Banco Bilbao Vizcaya Argentaria, S.A.**  
Ciudad BBVA  
C/ Saucedo, 28  
Edificio Asia - 1st Floor  
28050, Madrid  
Spain

**Banco Santander, S.A.**  
Ciudad Grupo Santander  
Avenida de Cantabria s/n  
Edificio Encinar  
28660, Boadilla del Monte, Madrid, Spain

**Barclays Bank Ireland PLC**  
One Molesworth Street  
Dublin 2  
D02RF29  
Ireland

**BNP PARIBAS**  
16 Boulevard des Italiens  
75009 Paris  
France

**BofA Securities Europe SA**  
51 rue La Boétie  
75008 Paris  
France

**Citigroup Global Markets Europe AG**  
Reuterweg 16  
60323 Frankfurt am Main  
Germany

**Crédit Agricole Corporate and Investment Bank**  
12 Place des Etats-Unis, CS 70052  
92547 Montrouge Cedex  
France

**Deutsche Bank Aktiengesellschaft**  
Taunusanlage 12  
60325 Frankfurt am Main  
Germany

**Goldman Sachs International**  
Plumtree Court  
25 Shoe Lane  
London EC4A 4AU  
United Kingdom

**ING Bank N.V.**  
Foppingadreef 7  
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