2i RETE GAS S.p.A.

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

€4,000,000,000
Euro Medium Term Note Programme

Under this €4,000,000,000 Euro Medium Term Note Programme (the "**Programme**"), 2i Rete Gas S.p.A. (the "**Issuer**" or "**2iRG**") may from time to time issue notes (the "**Notes**") denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €4,000,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

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

This Base Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**") as competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The Central Bank only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of either the Issuer or the quality of the Notes that are the subject of this Base Prospectus and investors should make their own assessment as to the suitability of investing in the Notes. Further, such approval relates only to Notes which are to be admitted to trading on the regulated market of The Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") or other regulated markets for the purposes of Directive 2014/65/EU, as amended ("**MiFID II**") and/or which are to be offered to the public in any Member State of the European Economic Area ("**EEA**") or the United Kingdom ("**UK**").

Application has been made to Euronext Dublin for Notes issued under the Programme to be admitted to trading on Euronext Dublin's regulated market and to be listed on the Official List of Euronext Dublin.

References in this Base Prospectus to Notes being "**listed**" (and all related references) shall mean that such Notes have been admitted to trading on Euronext Dublin's regulated market (i.e. regulated market) and have been admitted to the Official List of Euronext Dublin. Euronext Dublin's regulated market is a regulated market for the purposes of MiFID II.

The requirement to publish a prospectus under the Prospectus Regulation only applies to Notes which are to be admitted to trading on a regulated market in the EEA and/or offered to the public in the EEA other than in circumstances where an exemption is available under Article 1(4) of the Prospectus Regulation. For these purposes, from the date of this Base Prospectus and until 31 December 2020, reference(s) to the EEA include(s) the UK.

This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Notes which are to be admitted to trading on a regulated market in the EEA or the UK. The obligation to supplement this Base Prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when this Base Prospectus is no longer valid.

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

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

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

The Issuer may agree with any Dealer and the Trustee (as defined herein) that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event, a supplement to the Base Prospectus, a new Base Prospectus or a drawdown prospectus, in the case of listed Notes only, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

Tranches or Series of Notes to be issued under the Programme will be rated or unrated. Where a Tranche or Series of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Issuer or to Notes already issued. Where a Tranche or Series of Notes is rated, the applicable rating(s) may be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union or the United Kingdom and registered under Regulation (EC) No.1060/2009 (as amended) (the "**CRA Regulation**"), and included in the list of credit rating agencies published by the European Securities and Markets Authority ("**ESMA**") on its website (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs) in accordance with the CRA Regulation, will be disclosed in the applicable Final Terms.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Please also refer to "*Risks related to the market generally*" in the "*Risk Factors*" section of this Base Prospectus.

Amounts payable under the Notes may be calculated by reference, *inter alia*, to EURIBOR, which is provided by the European Money Markets Institute, or to LIBOR, which is provided by ICE Benchmark Administration Limited, as specified in the relevant Final Terms. As at the date of this Base Prospectus, the European Money Markets Institute and the ICE Benchmark Administration Limited appear on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**").

Arrangers

BNP PARIBAS

UniCredit Bank

Dealers

Barclays

BofA Securities

Goldman Sachs

J.P. Morgan

Morgan Stanley

Société Générale Corporate & Investment Banking

BNP PARIBAS

Crédit Agricole CIB

IMI – Intesa Sanpaolo

Mediobanca

NATIXIS

UniCredit Bank

The date of this Base Prospectus is 22 December 2020.

NOTICE TO INVESTORS

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

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

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

This Base Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Base Prospectus shall be read and construed on the basis that such documents are incorporated by reference and form part of this Base Prospectus. Other than in relation to the documents which are incorporated by reference (see "*Documents Incorporated by Reference*"), the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus and has not been scrutinised or approved by the Central Bank.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or their respective affiliates or Deutsche Trustee Company Limited (the "**Trustee**") as to the accuracy or completeness of the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme. None of the Dealers and the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

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

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, any of the Dealers or the Trustee that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and its Group (as defined in "*Description of the Issuer*"). 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 and its Group (as defined below) and of the rights attaching to the relevant Notes and reach its own view, based upon its own judgement and upon advice from such financial, legal and tax advisers as it has deemed necessary, prior to making any investment decision.

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

Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

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

This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the EEA (each, an "**EU Member State**") or the UK will be made pursuant to an exemption under the Prospectus Regulation, from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in an EU Member State or the UK of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by Final Terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer. Neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

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

MIFID II Product Governance / Target Market – The Final Terms in respect of any Notes may include a legend entitled "*MIFID II product governance / Professional investors only target market*" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels. A determination will be made in relation to each issue about whether, for the purpose of the product governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for a Tranche of Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

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

SUITABILITY OF INVESTMENT

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should consider, either on its own or with the help of its financial and other professional advisers as they have deemed necessary prior to making any investment decision, whether it:

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

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

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

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

(v) consider all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency; and

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

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

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

PRESENTATION OF FINANCIAL AND OTHER DATA

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

The consolidated financial statements of the Issuer have been prepared in euro and in accordance with applicable International Financial Reporting Standards (IFRS) endorsed by the European Commission in compliance with EC Regulation no. 1606/2002 ("**IFRS-EU**").

Certain numerical figures set out in this Base Prospectus, including financial data presented in millions or thousands and certain percentages, have been subject to rounding adjustments and, as a result, the totals of the

data in columns or rows of tables in this Base Prospectus may vary slightly from the actual arithmetic totals of such information.

FORWARD-LOOKING STATEMENTS

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

ALTERNATIVE PERFORMANCE MEASURES

This Base Prospectus and the documents incorporated by reference hereto contain certain alternative performance measures (APM), including EBITDA, Adjusted EBITDA Margin, Net fixed assets, Net working capital, Gross invested capital, Net invested capital, Capex, Cash flow from operating activities, ESMA Net financial position and Adjusted Net financial position which are different from the IFRS financial indicators obtained directly from the audited consolidated financial statements of the Issuer for the years ended 31 December 2019 and 2018 or the interim consolidated financial statements of the Issuer for the half-year ended 30 June 2020 and which are useful to present the results and the financial performance of the Group.

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

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

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

Adjusted EBITDA Margin is defined as as Adjusted EBITDA divided by Adjusted revenues where: (1) Adjusted EBITDA is defined as EBITDA adjusted for (i) costs / (revenues) for white certificates, (ii) capital losses / (gains), (iii) IFRS 16 , (iv) IFRIC 12 and (v) extraordinary costs; (2) Adjusted revenues are defined as revenues excluding (i) IFRIC 12 (ii) revenues for white certificates (iii) capital gains and (iv) pass-through income.

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

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

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

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

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

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

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

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

The Issuer believes that these non-generally accepted accounting principles ("**GAAP**") measures are useful and a commonly used measures of financial performance in addition to profit for the period and other profitability measures, cash flow provided by operating activities and other cash flow measures under applicable GAAP because they facilitate operating performance and cash flow comparisons from period to period, time to time and company to company. By eliminating potential differences between periods or companies caused by factors such as depreciation and amortization methods, financing and capital structures, taxation positions or regimes, the Issuer believes these non-GAAP measures can provide a useful additional basis for comparing the current performance of the underlying operations being evaluated. For these reasons, the Issuer believes these non-GAAP measures and similar measures are regularly used by the investment community as a means of comparison of companies in our industry.

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

USE OF WEBSITES

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

INDUSTRY AND MARKET DATA AND THIRD PARTIES INFORMATION

Information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to the Issuer and the Group's business contained in this Base Prospectus consists of estimates based on data reports compiled by professional organisations and analysts, on data from other external sources, and on the Issuer's knowledge of its sales and markets. Furthermore, any statements in this Base Prospectus regarding 2iRG's position in the gas distribution market are based on information contained in the ARERA 2020 Annual Report on Services and Activities (*Relazione annuale sullo stato dei servizi e sull'attività svolta)* dated 17 September 2020 (the "**ARERA 2020 Report**"). The Issuer confirms that such information has been accurately extracted and reproduced and, as far as the Issuer is aware, no facts have been omitted which would render such reproduced information inaccurate or misleading. While the Issuer believes such information to be reliable and believes any estimates contained in such information to be reasonable, there can be no assurance that such

information or any of the assumptions underlying such estimates are accurate or correct, and none of the internal surveys or information on which the Issuer has relied have been verified by any independent sources. Accordingly, undue reliance should not be placed on such information. In addition, information regarding the sectors and markets in which the Issuer operates is normally not available for certain periods and, accordingly, such information may not be current as of the date of this Base Prospectus.

STABILISATION

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

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OVERVIEW OF THE PROGRAMME

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

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

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

Issuer:	2i Rete Gas S.p.A.
Legal Entity Identifier (LEI) of the Issuer:	549300RV0WBR05UTDI91
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "*Risk Factors*" below and include, among others, risks relating to tenders for new gas distribution concessions, risks relating to return on investments and risks relating to changes in regulation and legislation. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under "*Risk Factors*" and include, among others, certain risks relating to the structure of a particular Series of Notes and certain market risks.
Description:	Euro Medium Term Note Programme
Arrangers:	BNP Paribas UniCredit Bank AG
Dealers:	Barclays Bank Ireland PLC Barclays Bank PLC BNP Paribas BofA Securities Europe SA Crédit Agricole Corporate and Investment Bank Goldman Sachs International Intesa Sanpaolo S.p.A. J.P. Morgan AG Mediobanca – Banca di Credito Finanziario S.p.A. Morgan Stanley & Co. International plc Natixis Société Générale UniCredit Bank AG

	and any other Dealers appointed in accordance with the Dealer Agreement.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*").
Trustee:	Deutsche Trustee Company Limited.
Issuing and Principal Paying Agent:	Deutsche Bank AG, London Branch.
Programme Size:	The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed €4,000,000,000 (or its equivalent in other currencies calculated as described in the Dealer Agreement). The Issuer may increase the amount of the Programme, from time to time, in accordance with the terms of the Dealer Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer as specified in the applicable Final Terms.
Maturities:	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency and save that no Notes having a maturity of less than one year will be issued under the Programme.
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.
Form of Notes:	The Notes will be issued in bearer form as described in "*Form of the Notes*".
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and, on redemption, will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer, each as specified in the applicable Final Terms.
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 the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended

	and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or (b) on the basis of a reference rate set out in the applicable Final Terms. The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes. Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.
Inflation Linked Notes	Payments of principal in respect of Inflation Linked Redemption Notes or of interest in respect of Inflation Linked Interest Notes will be calculated by reference to one or more inflation indices, as may be agreed between the Issuer and relevant Dealer.
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Redemption:	The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons or following an Event of Default) or that such Notes will be redeemable in any of the following circumstances: (a) at the option of the Issuer at any time, either at a price to be specified in the applicable Final Terms or at a "Make Whole Amount"; and/or (b) at the option of the Noteholders upon the occurrence of a Relevant Event, at the principal amount thereof; and/or (c) at the option of the Noteholders at any time, at a price to be specified in the applicable Final Terms. The applicable Final Terms will also indicate whether the Issuer has a Clean-up Call Option.
Benchmark Discontinuation:	Amounts payable under the Notes may be calculated by reference to interest rates and indices which are deemed to be "benchmarks", for the purpose of the Benchmarks Regulation. In this case, if a Benchmark Event occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. The Independent Adviser shall endeavour to determine a Successor Rate or Alternative Rate to be used in place of the Original Reference Rate. Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Independent Adviser, the Conditions provide that the Issuer may vary the Conditions, as necessary, to ensure the proper operation

	of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Noteholders. If a Successor Rate or Alternative Rate is determined by the Independent Adviser, the Conditions also provide that an Adjustment Spread may be determined by the Independent Adviser and applied to such Successor Rate or Alternative Rate in the manner set out in Condition 4.5 (*Benchmark Discontinuation*).
Denomination of Notes:	The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, save that the minimum denomination of each Note admitted to trading on a regulated market within the EEA or the UK or offered to the public in a Member State of the EEA or the UK in circumstances which require the publication of a prospectus under the Prospectus Regulation will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).
Taxation:	All payments in respect of the Notes and Coupons will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction as provided in Condition 7 (*Taxation*), unless such withholding or deduction is required by law, in which event, the Issuer will, save in certain limited circumstances provided in Condition 7 (*Taxation*), be required to pay additional amounts to cover the amounts so withheld or deducted.
Negative Pledge:	The terms of the Notes will contain a negative pledge provision as further described in Condition 3 (*Negative Pledge*).
Cross Default:	The terms of the Notes will contain a cross default provision as further described in Condition 9 (*Events of Default*).
Status of the Notes:	The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3 (*Negative Pledge*)) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
Rating:	Tranches or Series of Notes to be issued under the Programme will be rated or unrated. Where a Tranche or Series of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the Issuer or to Notes already issued. Where a Tranche or Series of Notes is rated, the applicable rating(s) may

	be specified in the relevant Final Terms. Whether or not each credit rating applied for in relation to relevant Series of Notes will be issued by a credit rating agency established in the European Union or in the United Kingdom and registered under the Regulation (EC) No. 1060/2009 (as amended) (the "**CRA Regulation**") will be disclosed in the Final Terms. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Listing and admission to trading:	This Base Prospectus has been approved by the Central Bank, as competent authority under the Prospectus Regulation. Application has also been made to Euronext Dublin for Notes issued under the Programme to be admitted to trading on Euronext Dublin's regulated market and to be listed on the Official List of Euronext Dublin. Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued. The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law. Condition 14.1 (*Meetings of Noteholders, Modification, Waiver and Substitution - Meetings of Noteholders*) and the provisions of the Trust Deed concerning the meetings of Noteholders and the appointment of a Noteholders' Representative (*rappresentante comune*) in respect of the Notes are subject to compliance with the laws of the Republic of Italy.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (including, without limitation, the Republic of Italy and France), the UK, Switzerland, Japan, Singapore and such other restrictions as may be required or applied in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".
United States Selling Restrictions:	Regulation S, Category 2. TEFRA C or D

RISK FACTORS

Any investment in the Notes is subject to a number of risks. In purchasing Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes.

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

The risks that are specific to the Issuer are presented in 3 categories, with the most material risk factor presented first in each category and the remaining risk factors presented in an order which is not intended to be indicative either of the likelihood that each risk will materialise or of the magnitude of its potential impact on the business, financial condition and results of operations of the Issuer and the Group.

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

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

1. Regulatory risks

Risk relating to regulation and legislation

The Group operates in the natural gas distribution business in Italy, which is a highly regulated environment subject to laws and regulations of the European Union (the "**EU**"), the Republic of Italy and the resolutions of ARERA (as defined in "*Description of the Issuer*" below). The reference regulatory framework and any changes thereto may significantly negatively impact the Issuer's operations, economic conditions, financial results and cash flows. For further information on the applicable regulatory framework, see "*Regulatory and Legislative Framework*" below.

Changes to the regulatory framework which may negatively affect the Issuer include, *inter alia* (but without limitation), changes relating to (i) the tenders of gas distribution and therefore the possibility of entering into new concessions or renewing existing concessions, (ii) the calculation method of the reimbursement that the outgoing operator would be entitled to receive as compensation pursuant to the Tender Criteria Decree (as defined below) for transferring the ownership of its assets to the incoming operator, (iii) the reference tariff system, and (iv) the ability of the Issuer to maintain required authorisations, permits, approvals and consents. The risks relating to (ii) above is worth mentioning since the actual framework is an assumption on which the Issuer's strategic plan is based.

Any changes in the regulatory framework could have a material adverse effect on the Group's business, financial results, cash flows and/or operations.

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

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

as a consequence of periodic revisions. Below is a summary of the main rules dealing with the tariff system which are undergoing a process of revision. For further information, see "*Regulatory and Legislative Framework*" below.

By resolution 570/2019/R/gas, as a result of the consultation process launched under Consultation Documents no. 170/2019/R/gas and 410/2019/R/gas, ARERA set the criteria for determining the tariffs for gas distribution and metering services for the fifth regulatory period. The length of the regulatory period has been maintained for six years, from 1 January 2020 to 31 December 2025, divided into two half periods of three years each. Analogously, by resolution 569/2019/R/gas, as a result of the consultation process launched under Consultation Documents no. 170/2019/R/gas and 338/2019/R/gas, ARERA set the rules and the criteria for the gas distribution and metering service quality for the fifth regulatory period. With resolution 570/2019/R/gas, ARERA also started a evaluation process for possible reform of the tariff system to be applied in the second half-period of the fifth regulatory period (starting from 2023). ARERA is also considering, among other things, a possible revision of the variables of scale for determination of the reference tariff (which measures the admitted revenues of the distribution companies), in particular the possibility that part of the admitted revenues is fixed according to the volumes distributed and a reform of connection contributions aimed at making the criteria for the application of connection fees on the national territory more homogeneous. Furthermore, by resolution no. 380/2020/R/com, ARERA started a process to update the criteria for calculating and updating the remuneration index of the invested capital, to be applied in the second regulatory WACC period starting from 1 January 2022. At the beginning of the proceeding, ARERA indicated its intention to maintain the same general regulatory model adopted in the first WACC regulation period, which calculates the WACC for each regulated infrastructure service in the electricity and gas sectors as a weighted average of the rate of return on equity and the cost of debt and taking into consideration international best practices. ARERA also announced some adjustments regarding the level of the ß parameter (which is the measurement of the systemic risk related to each regulated service) of the gearing and debt cost (see also "*Regulatory and Legislative Framework*" below for additional information).

The uncertainty about the definition of updated tariffs for future regulatory periods and the modalities for return on investment give no assurance that the Group will maintain the same return on investments that it currently calculates and represents on its balance sheet and cash flow statement. This could have a material adverse effect on the Group's business, financial condition, cash flows and/or results of operations.

Risks relating to tenders for gas distribution concessions

The Group's ability to operate its business is dependent on gas distribution concessions granted by Italian local authorities. For further information on the gas distribution concessions, see "*Description of the Issuer – Business of the Group – Gas Distribution Business – Overview – Gas Distribution Concessions*" below. No assurances can be given that the Group will maintain or renew concessions for the areas it is currently operating, or enter into new concessions. Even if new or renewed concessions are awarded, there is no assurance that the Group will be subject to the same or more favourable conditions overall (fees and planned investments combined) than the existing ones.

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

Due to the legal criteria to which each tender process must conform pursuant to the Ministerial Decree (*Regolamento per i criteri di gara e per la valutazione dell'offerta per l'affidamento del servizio della distribuzione del gas naturale*) No. 226 of 12 November 2011, as amended and implemented from time to time, and including by Ministerial Decree 106/2015 and by the Law 124/2017 (the "**Tender Criteria Decree**"), there

is still uncertainty in relation to (i) how certain aspects of the new tender process will function and how the authorities granting the concessions and the Italian courts will interpret such legislation (for further information, see "*Regulatory and Legislative Framework*" below) and (ii) the timing for completion of tender procedures.

In addition, many tender procedures have been challenged in front of administrative courts or suspended by the contracting authorities in the past, resulting in the relevant award timing being suspended. Therefore, there is uncertainty in relation to when the tenders for the award of such concessions will be held and whether the Group will be re-awarded such concessions. If re-awarded, there is uncertainty as to whether the Group will be subject to the same or more favourable economic terms and conditions as the existing ones, or be re-awarded the concessions it currently operates on more onerous terms. Subject to changes to the law, what may vary during the tender process, and which will mainly be specific economic conditions (for example, cap-ex plans and concession fees), the overall framework should remain the same for all concessions across the country.

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

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

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

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

Uncertainties in the determination of compensation may result in litigation between the outgoing gas distribution operator and the incoming operator. As of the date of this Base Prospectus, there are two pending disputes between the Group and the relevant municipalities regarding the quantification of the compensation (for further information, see "*Regulatory and Legislative Framework – Framework legislation of the regulated gas distribution market – 1. The Letta Decree, the Letta Transitional Period and termination of the existing concessions*", below). Furthermore, there is no certainty in relation to the timing of the compensation payment.

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

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

In order to carry out and expand its business, the Group needs to maintain or obtain various permits and approvals from regulatory, legal, administrative, tax and other authorities and agencies. The processes for obtaining and maintaining these permits and approvals are often lengthy, complex, unpredictable and costly. If the Group is unable to obtain or maintain the required permits and approvals, its ability to achieve its strategic objectives, including the growth by capital expenditure and investment of the Group's infrastructure, could be impaired or may require greater investment or longer timeframes than originally planned. Such event could have a material adverse effect on the Group's business, financial condition, cash flows and/or results of operations.

2. Business activities and industry related risks

Operational risks

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

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

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

These risks may have a material adverse impact on the Group's business, financial condition, cash flows and/or results of operations.

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

The installation of smart meters and the infrastructure for collecting consumption reading data pursuant to ARERA Resolution 155/2008 is one of the most important projects of the Group due to its innovative and technological content as well as the terms of investment. The installation and use of new generation smart meters ensures greater accuracy and promptness in metering and recording of actual consumption, while also improving the effectiveness of corporate processes. For further information, see "*Description of the Issuer – Business of the Group – Smart meters*" and "*Regulatory and legislative framework – Other significant regulatory matters – ARERA Regulation*" below.

The Issuer is remunerated through the tariffs established by the AEEGSI (as defined below) which provides that the smart meter is amortised (and therefore remunerated to the distributor through the tariffs) over a period of 15 years. However, as the technology of smart meters and their supply market are brand new and there is no verified historical data on the duration of smart meters or the technology (when it was operated by ARERA), there is a risk that the Issuer may face early replacement or higher maintenance costs than those actually assumed in its strategic plans and remunerated with tariffs. Furthermore, the implementation of the smart meters plan, which is still ongoing, could result in an increase in management costs for the new smart meters, which in turn may raise technical and operational problems during their effective life cycle.

These risks may have a material adverse impact on the Group's business, financial condition, cash flows and/or results of operations.

Environmental and safety risks

Compliance with requirements imposed by environmental laws and regulations (for example Law No. 68/2015, which has introduced into Italian legislation a number of new criminal offences related to environmental liabilities (so called "*ecoreati*")) could lead to the Group incuring significant costs in relation to environmental monitoring, installation of pollution control equipments, emission fees, maintenance and upgrading of facilities,

remediation and permits. The costs of compliance with existing and future environmental legal requirements may increase over time. An increase in such costs, unless promptly recovered, could have a material adverse effect on the Group's business, financial condition, cash flows and/or results of operations.

In particular, the operation and maintenance of gas distribution networks is considered a dangerous activity and could potentially cause harm to members of the public and/or the Group's employees. The Group is subject to EU and national laws and regulations governing health and safety matters protecting the public and its employees. The Group uses hazardous and potentially hazardous products and by-products in its operations. In addition, other aspects of the Group's operations which are not currently considered to have adverse effects may do so in the future. The Group and the sites on which it operates are subject to laws and regulations (including planning laws) relating to pollution, protection of the environment, and the use and disposal of hazardous substances and waste materials. Although the Group has not been subject to material environmental remediation costs in the past, there can be no assurance that such costs will not arise in the future.

Furthermore, failure to comply with environmental and safety requirements in the territories where the Group operates may lead to fines, litigations, loss of licenses and temporary or permanent curtailment of operations. Although the Group has taken out specific insurance policies covering both the costs of containing a potential contamination as well as costs of the relevant restoration and compensation for the damages caused, the insurance coverage could be insufficient to meet all the losses incurred. This may materially adversely affect the Group's reputation, as well as its business, financial condition, cash flows and/or results of operations.

Risk related to the COVID-19 emergency

The COVID-19 pandemic has had, continues to have, and could continue to have, for an unforeseeable period, serious health, social and economic consequences at a global and national level and, in turn, could negatively affect the business results of the Issuer. Furthermore, the measures implemented by governmental and regulatory authorities to deal with the health and economic effects of the pandemic (such as, *inter alia*, the partial deferral of payments for gas sales companies introduced by ARERA) may have a negative effect on the Issuer's results.

Notwithstanding the measures implemented by the Group to mitigate the negative effects of the COVID-19 emergency (see "*Description of the Issuer – COVID-19 emergency*" below), the persisting crisis situation may increase the materiality of most of the risks detailed in this section which the Issuer is exposed to, and which in turn could have repercussions on the Group's business, financial condition, cash flows and/or results of operations.

Risks related to energy transition

With regards to the perspectives for decarbonisation of the energy system in order to combat climate change, ARERA mentioned, in the consultation documents that preceded the issue of Resolution No. 570/2020/R/gas, in particular in the DCO 170/2019/R/gas, the possibility that, over very long time horizons, some components of the aggregate demand for natural gas could be destined for a gradual substitution in end uses in favour of other energy sources (including the so-called green gas) in pursuit of the decarbonisation objectives. Consequently, the long-term perspectives of contraction in the end uses of gas could lead to a reduction in the use of natural gas distribution infrastructures, with the risk of having so-called "stranded assets" (i.e. infrastructures financed by the system that will be exploited for a time not sufficient to repay the investment). In relation to the issues relating to the emergence of possible stranded assets in connection with the possible contraction in the use of natural gas for final uses fed through the distribution networks, ARERA has also indicated that it could be considered the hypothesis of envisaging shorter depreciation periods for potentially affected infrastructures.

In this regard the Group is working on the transformation of its networks into digital infrastructures, in order to evaluate the technical and commercial feasibility of the distribution of gases other than methane, such as hydrogen and biomethane and contributing to the development of power-to-gas technology to produce gas that can be used in the existing networks through renewable energy storage systems and by conducting energy

efficiency projects. However, should the Group fail to carry out such transformation, it may have a negative effect on the Group's business, financial condition, cash flows and/or results of operations.

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

The Group's operations are increasingly reliant on information systems and information technology platforms (collectively, "**IT**") to maintain and improve its operational efficiency. Notwithstanding the preventive measures adopted, the Group's information systems may be impacted by different operational and security challenges, such as telecommunications or data centre failures, security breaches and other types of interference. Any interruptions, failures or breach in the security infrastructure of its IT systems, or failure to plan and execute suitable contingencies in the event of their disruption, could have an adverse effect on the Group's ability to guarantee operations in compliance with the rules of ARERA and compete with competitors. This may also harm its reputation as well as disrupt its business, thereby potentially having a material adverse effect on its business, financial condition, cash flows and/or results of operations.

Key personnel and risk management

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

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

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

When considering an acquisition or investments, the Group makes certain estimates and assumptions as to economic, market, operational and other conditions, including estimates relating to the value or potential value of the business to be acquired and the potential return on investment, as well as the potential capital expenditure. Should such estimates be incorrect, it may have a negative effect on the Group's existing operations. Even when the estimates provide positive results in acquisition and integration of distribution businesses, it may restrict the number of the potential targets therefore limiting the Group's potential to carry out further acquisitions and/or integrations.

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

Any acquisition could expose the Issuer and the Group to risks connected with the integration of new businesses into the Group, for example, undisclosed events, circumstances or liabilities of the acquired businesses and distributions plants that could result in additional investment, operating costs or delays in integrating the targets

as forecasted or failure ot achieve the expected synergies. Failure to integrate investments successfully could have a material adverse effect on the Group's business, financial condition, cash flows and/or results of operations.

Legal proceedings

The Group is or may be involved in civil, employment, tax, administrative and criminal proceedings arising from its ordinary business activities. The Group has conducted a review of its ongoing litigation and provisions have been made in the Group's accounts in relation to those legal proceedings where the Group is able to make a reasonable estimate of the potential loss. Otherwise, in the situations where the Issuer believes that litigation may not result in an adverse outcome or that such dispute may be resolved in a satisfactory manner and without significant impact on it, no specific provisions have been made in the Group's consolidated financial statements. For further information on the provisions made in the consolidated financial statements as at 30 June 2020, see "*Description of the Issuer – Legal proceedings*" below.

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

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

On 18 December 2020, the Issuer's Board of Directors approved a strategic plan, which updated the previous strategic plan and sets out the strategic policies and objectives of the Group for the five-year period from 2021 to 2025. The strategic plan contains, and was prepared on the basis of, a number of critical assumptions and estimates relating to future trends and events that may affect the sector in which the Group operates, such as estimates of demand for connection to the natural gas network in Italy over the medium to long term, growth of the Issuer through the tendering process, changes in the applicable regulatory framework. If the assumptions, events and circumstances projected or estimated to occur by the Board of Directors when preparing the strategic plan do not occur or evolve differently than as contemplated in the strategic plan (for example, due to events affecting the Group that may not be foreseeable or quantifiable, in whole or in part, as of the date of this Base Prospectus), then future business, financial results, cash flows and/or operations of the Group could be different from those envisaged in the strategic plan. Furthermore, the Group's historical consolidated financial and operational performance may not be consistent with, or indicative of, the Group's future operating and financial performance.

3. Financial risks

Counterparty risk

When carrying out its commercial and financial activities, the Group is exposed to the risk of potential losses arising from counterparties failing to fulfil their payment obligations. Default or delayed payment of fees may have a negative impact on the financial and operating results of the Group. The Group's main customers are leading Italian companies in the gas market, with the most important customer being Enel Energia S.p.A., a subsidiary of ENEL S.p.A. (representing approximately 37 per cent. of the Issuer's gas distribution turnover), followed by Edison and ENGIE (each representing approximately 10% of the Issuer's gas distribution turnover). The Group is exposed to a concentrated counterparty risk with regard to such key customers, albeit such entities are creditworthy for the time being.

Liquidity risk

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

Ratings risk

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

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

In addition, the Issuer's credit ratings are potentially exposed to the risk of downgrades in the sovereign credit rating of the Republic of Italy. Based on the methodologies used by Moody's and S&P, a downgrade of Italy's credit rating may have a potential knock-on effect on the credit rating of Italian issuers, including the Group's. This could increase the risk of the credit rating of Notes issued under the Programme being downgraded. The occurrence of these circumstances could have a material adverse effect on the Issuer's business, financial condition, cash flows and/or results of operations.

Interest rate risk

The Group is subject to interest rate risk arising from its financial indebtedness, which varies depending on whether such indebtedness is fixed or floating rate. In this regard, the Group uses external financial resources in the form of two medium term bank loans and credit lines, as well as two loans from the European Investment Bank, at interest rates indexed to the Eurozone Interbank Offered Rate (EURIBOR). The remaining financial indebtedness is represented by fixed rate notes.

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

As at 31 December 2019, approximately 93 per cent. of the Group's borrowings is at fixed rate.

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

Inflation/deflation risk

Variations in the price of goods, equipment, materials and labour may have an impact on the Group's financial results. Variations resulting from inflation or deflation are factored into the tariff system of ARERA. However, adjustments to the tariff reflecting the impact of inflation or deflation will only be implemented one year after the initial variation took place. During such period, the Group may be exposed to higher operating costs whilst not able to benefit from any upturn in the tariff. This could have a material adverse effect on the Group's business, financial results, cash flows and/or operations, which in turn could have an adverse effect on the ability of the Issuer to meet its obligations under the Notes.

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

1. Risks related to the structure of a particular issue of Notes

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

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

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

In addition, with respect to the Clean-Up Call Option (Condition 6.4 (*Clean-Up Call Option*)), there is no obligation on the Issuer to inform investors if and when 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.

Relevant Event Put Option

The Notes may contain provision for a put option upon the occurrence of certain change of control events relating to the Issuer, which will entitle the Noteholders under certain circumstances to require the Issuer to redeem or purchase their Notes at their principal amount then outstanding together with interest accrued to (but excluding) the Relevant Event Put Date. However, it is possible that the Issuer will not have sufficient funds at the time of the Relevant Event Put Date to make the required redemption or purchase of Notes. If there are not sufficient funds for the redemption or purchase, Noteholders may receive less than the principal amount and accrued interest of the Notes if they elect to exercise such right. Furthermore, if such provisions were exercised by the Noteholders, this might adversely affect the Issuer's financial position.

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

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

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

Interest rates and indices which are deemed to be "benchmarks" (including EURIBOR, LIBOR, CMS Rate, Constant Maturity BTP Rate, CPI - ITL and HICP) are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark". The Benchmarks Regulation was published in the Official Journal of the EU on 29 June 2016 and applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things,

(i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark". On 27 July 2017, and in a subsequent speech on 12 July 2018, the Chief Executive of the United Kingdom Financial Conduct Authority (the "**FCA**"), which regulates LIBOR, confirmed that it would no longer persuade or compel, panel banks to submit rates for the calculation of LIBOR after 2021. On 4 December 2020, ICE Benchmark Administration, the FCA-regulated and authorised administrator of LIBOR, published its consultation on its intention to cease the publication of various LIBOR settings, including proposing the cessation of (i) all GBP, euro, CHF and JPY LIBOR settings, and the 1-Week and 2-Month U.S. dollar LIBOR settings after 31 December 2021 and (ii) the Overnight and 1, 3, 6 and 12-month U.S. dollar LIBOR settings after 30 June 2023.

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

Separately, on 13 September 2018, the working group on euro risk-free rates recommended Euro Short-term Rate ("**€STR**") as the new risk-free rate. €STR has been published by the ECB since 2 October 2019, reflecting trading activity since 1 October 2019. In addition, on 21 January 2019, the euro risk-free rate working group published a set of guiding principles for fallback provisions in new euro denominated cash products (including bonds). The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts may increase the risk to the euro area financial system.

The potential elimination of LIBOR or any other benchmark, or changes in the manner of administration of any benchmark may have the effect, amongst other things, of: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark or (iii) leading to the disappearance of the benchmark. It is not possible to predict with certainty whether, and to what extent, the relevant "benchmark" will continue to be supported going forwards and the relevant "benchmark" may perform differently than it has done in the past, and may have other consequences which cannot be predicted. Any of these changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes referencing a benchmark.

The Conditions of the Notes provide for certain fallback arrangements in the event that a published benchmark, including an inter-bank offered rate such as LIBOR, EURIBOR or other relevant benchmarks (including any page on which such benchmark may be published (or any successor service)) becomes unavailable or a Benchmark Event otherwise occurs, including the possibility that the rate of interest or other amounts payable under the Notes could be set by reference to a successor rate or an alternative reference rate and that such successor rate or alternative reference rate may be adjusted (if required) in order to reduce or eliminate, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark. In certain circumstances, the fallback for the purposes of calculation of interest or other amounts payable under the Notes may be based upon a determination to be made by the Agent or the Calculation Agent or by an independent adviser appointed by the Issuer. In addition, due to the uncertainty concerning the availability of successor rates and alternative reference rates and

the involvement of an independent adviser, the relevant fallback provisions may not operate as intended at the relevant time and in the event of a permanent discontinuation of LIBOR or any other benchmark, the Issuer may be unable to appoint an independent adviser or the independent adviser may be unable to determine a successor rate or alternative rate. In these circumstances, where LIBOR or any other benchmark has been discontinued, the Rate of Interest will revert to the Rate of Interest applicable as at the immediately preceding Interest Period or, if there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. This will result in the floating rate Notes, in effect, becoming fixed rate Notes.

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

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

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

Inverse Floating Rate Notes will have more volatile market values than conventional Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

If the terms of any Note contemplate that the interest rate converts from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned

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

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

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

(i) the market price of such Notes may be volatile;

(ii) they may receive no interest;

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

(iv) in the case of Inflation Linked Notes, they may lose all or a substantial portion of their principal;

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

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

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

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

Risks relating to Inflation Linked Notes

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

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

Inflation Linked Notes may be subject to certain disruption provisions or extraordinary event provisions (such as the delay and disruption provisions described in Condition 4.3.2 (*Inflation Index delay and disruption provisions*) and any Additional Distruption Events as may be specified in the applicable Final Terms). Relevant events may relate to an inflation/consumer price index publication being delayed or ceasing or such index being rebased or modified. If the Calculation Agent (as defined in the Terms and Conditions of the Notes) determines that any such event has occurred, this may delay valuations under, and/or payments in respect of, the Notes and consequently adversely affect the value of the Notes. Any such adjustments may be by reference to a Related Bond, as defined in the applicable Final Terms if so specified therein. In addition, certain extraordinary or disruption events may lead to early redemption of the Notes which may have an adverse effect on the value of the Notes. Whether and how such provisions apply to the relevant Notes can be ascertained by reading the Inflation Linked Notes Conditions in conjunction with the applicable Final Terms.

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

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

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

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

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

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

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

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

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

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

2. Risks related to Notes generally

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

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

In general, European and UK regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU or in the UK and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances whilst the registration application is pending). Such general restriction will also apply in the case of credit ratings issued by non-EU or non-UK credit

rating agencies, unless the relevant credit ratings are endorsed by an EU- or UK-registered credit rating agency or the relevant non-EU or non-UK rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). If the status of the relevant rating agency changes, European and UK regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in European and UK regulated investors selling the Notes which may impact the value of the Notes and any secondary market. The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus and if a Tranche of Notes is rated such rating will be disclosed in the applicable Final Terms.

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

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

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

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

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

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

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

The substitutive tax exemption regime provided by Decree No. 239 applies if certain procedural requirements are met (see "*Taxation – Italian Taxation*" for a description of the relevant requirements). There can be no assurance that all non-Italian resident investors will be entitled to claim the application of the withholding tax exemption. The availability of the withholding tax exemption will depend on the provision of certain information by such investors to the financial intermediary, as described under "*Taxation – Italian Taxation – Interest and other proceeds from Notes that qualify as bonds or instruments similar to bonds*".

U.S. Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("foreign passthru payments") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including Italy) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Certain aspects of the application of these rules to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, proposed U.S. Treasury regulations have been issued that provide that such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register. In the preamble to the proposed regulations, the U.S. Treasury Department indicated that taxpayers may rely on these proposed regulations until the issuance of final regulations. Moreover, 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 prior to the date that is six months after the date on which final U.S. Treasury regulations defining "foreign passthru payments" are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. However, if additional Notes (as described under "*Terms and Conditions of the Notes – Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholdind under FATCA.. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

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

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

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

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

purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

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

Reliance on Euroclear and Clearstream, Luxembourg procedures

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

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

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

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

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

Calculation Agent

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

3. Risks related to the market generally

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

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

Delisting of the Notes

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

DOCUMENTS INCORPORATED BY REFERENCE

This Base Prospectus should be read and construed in conjunction with the sections of the documents incorporated by reference set out in the table below. The following documents which have previously been published and have been filed with Euronext Dublin and the Central Bank, shall be incorporated by reference in, and form part of, this Base Prospectus:

(a) the auditors' report and audited consolidated financial statements of the Issuer for the financial year ended 31 December 2018 available at https://www.ise.ie/debt_documents/2i-Rete-Gas-2018-Annual-Financial-Report_b557545a-210c-4ca4-99cf-6904837bcb3a.pdf, including the information set out at the following pages in particular:

Results of the 2i Rete Gas Group	Pages 15-22
Income Statement	Page 74
Statement of Comprehensive Income	Page 75
Statement of Financial Position	Pages 76-77
Statement of Cash Flows	Page 78
Statement of Changes in Equity	Page 79
Notes to the Consolidated Financial Statements	Pages 80-151
Report of Independent Auditors	Pages 159-167

(b) the auditors' report and audited consolidated financial statements of the Issuer for the financial year ended 31 December 2019 available at https://www.ise.ie/debt_documents/2i-RETE-GAS-Annual-Financial-Report-2019_Complete_a7874052-1aaa-4005-94d9-66c999674f7c.pdf, including the information set out at the following pages in particular:

Results of the 2i Rete Gas Group	Pages 14-21
Income Statement	Page 82
Statement of Comprehensive Income	Page 83
Statement of Financial Position	Pages 84-85
Statement of Cash Flows	Page 86
Statement of Changes in Equity	Page 87
Notes to the Consolidated Financial Statements	Pages 88-159
Report of Independent Auditors	Pages 166-174

(c) the auditors' report and consolidated interim financial statements of the Issuer for the six-month period ended 30 June 2020 available at https://www.ise.ie/debt_documents/2i-Rete-Gas_Consolidated-Interim-Financial-Report-at-30-June-2020_7341552e-d5f1-4c14-9c90-973b2db81dad.pdf, including the information set out at the following pages in particular:

Results of the 2i Rete Gas Group	Pages 9-16
Profit or Loss	Page 61
Statement of Comprehensive Income	Page 62
Statement of Financial Position	Pages 63-64
Statement of Cash Flows	Page 65
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The page references indicated above correspond to the page references of the e-document.

The consolidated financial statements of the Issuer referred to above have been prepared in accordance with applicable International Financial Reporting Standards (IFRS) endorsed by the European Commission in compliance with EC Regulation no. 1606/2002 ("**IFRS-EU**").

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

Any documents themselves incorporated by reference in the documents incorporated by reference in this Base Prospectus shall not form part of this Base Prospectus, and any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer.

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

Any website pages referred to in this Base Prospectus are for information purposes only and do not form part of the Base Prospectus.

FORM OF THE NOTES

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

(a) if the Global Notes are intended to be issued in new global note ("**NGN**") form, as specified in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the "**Common Safekeeper**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**" and, together with Euroclear, the "**ICSDs**"); and

(b) if the Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the "**Common Depositary**") for Euroclear and Clearstream, Luxembourg.

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

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in 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 Issuing and Principal Paying Agent.

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

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

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

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

The exchange upon 60 days' written notice option, as described in paragraph (a) above, should not be expressed to be applicable if the Notes are issued in denominations comprising a minimum Specified Denomination (such as €100,000 (or its equivalent in another currency)) plus one or more higher integral multiples of another smaller amount (such as €1,000 (or its equivalent in another currency)). Furthermore, such denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for definitive Notes.

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

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

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

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

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

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

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

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 9 (*Events of Default*). In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then from 8.00 p.m. (London time) on such day holders of interests in such Global Note credited to their accounts with Euroclear

and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg.

The Issuer may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event, a supplement to the Base Prospectus, a new Base Prospectus or a drawdown prospectus, in the case of listed Notes only, if appropriate, will be made available which will describe the effect of the agreement reached in relation to such Notes.

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

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

FORM OF FINAL TERMS

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

[**PROHIBITION OF SALES TO EEA AND 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 European Economic Area (the "**EEA**") or the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.]

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

[**NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE (AS AMENDED, THE "SFA") –** [INSERT NOTICE IF CLASSIFICATION OF THE NOTES IS NOT "PRESCRIBED CAPITAL MARKETS PRODUCTS", PERSUANT TO SECTION 309B OF THE SFA][1]

[*Date*]

2i Rete Gas S.p.A.
(incorporated in the Republic of Italy as a joint stock company)

Legal entity identifier (LEI): 549300RV0WBR05UTDI91

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

[1] Legend to be included on the front of the Final Terms if the Notes sold into Signapore do not constitute "prescribed capital markets products" as defined under the CMP Regulations 2018.

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 22 December 2020 [as supplemented by the supplement[s] to it dated [*date*] [and [*date*]]] which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") (the "**Base Prospectus**"). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus [as so supplemented]. These Final Terms must be read in conjunction with the Base Prospectus [as so supplemented] in order to obtain all the relevant information. The Base Prospectus [and the supplement[s] to the Base Prospectus] [is/are] available for viewing [at [website]] [and] during normal business hours at [address] [and copies may be obtained from [address]]. The Base Prospectus and, in the case of Notes admitted to trading on the regulated market of The Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**"), the Final Terms will also be published on the website of Euronext Dublin (www.ise.ie).

[*Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Final Terms.*]

1	Issuer:	2i Rete Gas S.p.A.
2	(a) Series Number:	[●]
	(b) Tranche Number:	[●]
	(c) Date on which the Notes will be consolidated and form a single Series:	[The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/the date on which exchange of the Temporary Global note for interests in the Permanent Global Note, as referred to in paragraph 25 below, is expected to occur, being on or about [*insert date that is 40 days after the Issue Date*]] / [Not Applicable]
3	Specified Currency or Currencies:	[●]
4	Aggregate Nominal Amount:	[●]
	(a) Series:	[●]
	(b) Tranche:	[●]
5	Issue Price:	[●] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
6	(a) Specified Denominations:	[●] [[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000].] *(N.B. Notes must have a minimum denomination of €100,000 (or equivalent))*
	(b) Calculation Amount:	[●] *(If only one Specified Denomination, insert the Specified Denomination.*

		If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations.)
7	(a) Issue Date:	[●]
	(b) Interest Commencement Date:	[[●]/Issue Date/Not Applicable] *(N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
8	Maturity Date:	[*Fixed rate or Zero Coupon Notes – specify date/Floating rate or Inflation Linked Notes* – Interest Payment Date falling in or nearest to [*specify month and year*]]
9	Interest Basis:	[[●] per cent. Fixed Rate] [[●] month [LIBOR/EURIBOR] +/- [●] per cent. Floating Rate] [Floating Rate: CMS Linked Interest] [Floating Rate: Constant Maturity BTP Linked Interest] [Zero Coupon] [Inflation Linked] (further particulars specified below under item[s] [14/15/16/17])
10	Change of Interest Basis:	[For the period from (and including) the Interest Commencement Date, up to (but excluding) [*date*] paragraph [14/15] applies and for the period from (and including) [*date*], up to (and including) the Maturity Date, paragraph [14/15] applies]/ [Not Applicable]
11	Redemption Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [100 per cent.]/[●] per cent. of their nominal amount]/[Inflation Linked Redemption]
12	Put/Call Options:	[Investor Put] [Relevant Event Put] [Issuer Call] [Clean-Up Call Option] [(further particulars specified below under item[s] [18/19/20/21])] [Not Applicable]
13	[Date [Board] approval for issuance of Notes obtained:	[●] [Not Applicable] *(N.B. Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes)*

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14	Fixed Rate Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)

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

Relevant Financial Centre: [London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)/New York/specify other Relevant Financial Centre] (*only relevant for CMS Reference Rate*)

Reference Currency: [●] (*only relevant for CMS Reference Rate*)

Designated Maturity: [●] (*only relevant for CMS Reference Rate and for Constant Maturity BTP Rate*)

Specified Time: [●] in [●] (*only relevant for CMS Reference Rate and for Constant Maturity BTP Rate*)

Interest Determination Date(s):	[●] (*Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR*) (*in the case of a CMS Rate where the Reference Currency is euro or a Constant Maturity BTP Rate*): [Second day on which the TARGET2 System is open prior to the start of each Interest Period] (*in the case of a CMS Rate where the Reference Currency is other than euro*): [Second *[specify type of day]* prior to the start of each Interest Period]
Relevant Screen Page:	[●] (*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*) (*In the case of CMS Linked Interest Notes, specify relevant screen page and any applicable headings and captions*) (*In the case of Constant Maturity BTP Linked Interest Notes, specify relevant screen page[, which is expected to be Bloomberg page GBTPGRN Index, where N is the Designated Maturity,] and any applicable headings and captions*)
Party responsible for calculating the Rate(s) of Interest (if not the Agent):	[*name*] shall be the Calculation Agent
(g) ISDA Determination:	[Applicable/Not Applicable]
Floating Rate Option:	[●]
Designated Maturity:	[●]
Reset Date:	[●] (*In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period. In the case of Constant Maturity BTP Linked Interest Notes or CMS Linked Interest Notes, if*

		based on euro the first day of the Interest Period and if other, to be checked)
	(h) Linear Interpolation:	[Not Applicable] / [Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
	(i) Margin(s):	[+/-] [●] per cent. per annum
	(j) Minimum Rate of Interest:	[[●] per cent. per annum] [Not Applicable]
	(k) Maximum Rate of Interest:	[[●] per cent. per annum] [Not Applicable]
	(l) Day Count Fraction:	[Actual/Actual (ISDA)][Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] (*See Condition 4 (Interest) for alternatives*)
16	Zero Coupon Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Accrual Yield:	[●] per cent. per annum
	(b) Reference Price:	[●]
	(c) Day Count Fraction in relation to Early Redemption Amounts and late payment:	[30/360] [Actual/360] [Actual/365]
17	Inflation Linked Interest Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Inflation Index/Indices:	[●]
	(b) Inflation Index Sponsor(s):	[●]
	(c) Reference Source(s):	[●]
	(d) Related Bond:	[Applicable]/[Not Applicable] The Related Bond is: [●] [Fallback Bond] The issuer of the Related Bond is: [●]
	(e) Fallback Bond:	[Applicable]/[Not Applicable]
	(f) Reference Month:	[●]
	(g) Cut-Off Date:	[●]/[Not Applicable]
	(h) End Date:	[●]/[Not Applicable] (*This is necessary whenever Fallback Bond is applicable*)
	(i) Additional Disruption Events:	[Change of Law] [Increased Cost of Hedging] [Hedging Disruption]

		[None]
(j)	Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the Agent):	[*name*] shall be the Calculation Agent (*no need to specify if the Agent is to perform this function*)]
(k)	DIR(0):	[●]
(l)	Lookback Period 1:	[*insert number of months/years*]
(m)	Lookback Period 2:	[*insert number of months/years*]
(n)	Initial Ratio Amount:	[●]/[Not Applicable]
(o)	Trade Date:	[●]
(p)	Minimum Rate of Interest:	[●] % per annum
(q)	Maximum Rate of Interest:	[●] % per annum
(r)	Rate Multiplier:	[Not Applicable]/[[●] per cent]
(s)	Interest Determination Date(s):	[●]
(t)	Specified Period(s)/Specified Interest Payment Dates:	[●] [, subject to adjustment in accordance with the Business Day Convention Set out in (u) below/, not subject to any adjustment as the Business Day Convention in (u) below is specified to be Not Applicable]
(u)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]/[Not Applicable]
(v)	Additional Business Centre(s):	[●]/[Not Applicable]
(w)	Day Count Fraction:	[Actual/Actual (ISDA)][Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360] [360/360] [Bond Basis] [30E/360] [Eurobond Basis] [30E/360 (ISDA)] (*See Condition 4 (Interest) for alternatives*)

PROVISIONS RELATING TO REDEMPTION

18	Issuer Call:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Optional Redemption Date(s):	[●] [Any date from and including [●] to but excluding [●]]
	(b)	Optional Redemption Amount:	[[●] per Calculation Amount] [Make-Whole Amount]

	(c) Redemption Margin: (*Only applicable to Make-Whole Amount redemption*)	[[●] per cent.] [Not Applicable]
	(d) Reference Bond: (*Only applicable to Make-Whole Amount redemption*)	[*insert applicable reference bond*] [Not Applicable]
	(e) Reference Dealers: (*Only applicable to Make-Whole Amount redemption*)	[●] [Not Applicable]
	(f) If redeemable in part:	
	(i) Minimum Redemption Amount:	[●][Not Applicable]
	(ii) Maximum Redemption Amount:	[●][Not Applicable]
	(g) Notice periods:	Minimum period: [●] days Maximum period: [●] days (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Principal Paying Agent or Trustee*)
19	Relevant Event Put:	[Applicable/Not Applicable]
20	Investor Put:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Optional Redemption Date(s):	[●]
	(b) Optional Redemption Amount:	[●] per Calculation Amount
	(c) Notice periods:	Minimum period: [●] days Maximum period: [●] days (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Issuing and Principal Paying Agent or Trustee*)
21	Clean-Up Call Option	[Applicable/Not Applicable]
22	Inflation Linked Redemption Note Provisions:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Inflation Index:	[●]

	(b)	Inflation Index Sponsor(s):	[●]
	(c)	Related Bond:	[Applicable]/[Not Applicable] The Related Bond is: [●] [Fallback Bond] The issuer of the Related Bond is: [●]
	(d)	Fallback Bond:	[Applicable]/[Not Applicable]
	(e)	Reference Month:	[●]
	(f)	Cut Off Date:	[●]/[Not Applicable]
	(g)	End Date:	[●]/[Not Applicable] (*This is necessary whenever Fallback Bond is applicable*)
	(h)	Additional Disruption Events:	[Change of Law] [Increased Cost of Hedging] [Hedging Disruption] [None]
	(i)	Party responsible for calculating the Redemption Amounts (if not the Agent):	[name] shall be the Calculation Agent (*no need to specify if the Agent is to perform this function*)]
	(j)	DIR(0):	[●]
	(k)	Lookback Period 1:	*[insert number of months/years]*
	(l)	Lookback Period 2:	*[insert number of months/years]*
	(m)	Trade Date:	[●]
	(n)	Redemption Determination Date:	[●]
	(o)	Redemption Amount Multiplier:	[●] per cent
23	Final Redemption Amount:		[●] per Calculation Amount/(*in the case of Inflation Linked Redemption Notes*:) as per Conditions 6.11 (*Redemption of Inflation Linked Notes)* and Condition 6.12 (*Calculation of Inflation Linked Redemption*)
24	Early Redemption Amount payable on redemption for taxation reasons or on event of default:		[[●] per Calculation Amount / [As per Condition 6.7 (*Early Redemption Amounts*)]]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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

		(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes them-selves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 5 includes lan-guage substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and includ-ing [€199,000]." Furthermore, such Speci-fied Denomination construction is not per-mitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)
	(b) New Global Note:	[Yes][No]
26	Additional Financial Centre(s):	[Not Applicable/*give details*] (*Note that this paragraph relates to the place of payment and not Interest Period end dates to which sub-paragraph 15(c) relates*)
27	Talons for future Coupons to be attached to Definitive Notes:	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

RESPONSIBILITY

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

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

By:

Duly authorised

PART B
OTHER INFORMATION

1 **LISTING AND ADMISSION TO TRADING**

(a) Listing and Admission to trading	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on Euronext Dublin's regulated market and listing on the Official List of Euronext Dublin with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on Euronext Dublin's regulated market and listing on the Official List of Euronext Dublin with effect from [ ].]
(b) Estimate of total expenses related to admission to trading:	[●]

2 **RATINGS**

Ratings:	[The Notes to be issued [[have been]/[have not been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]: [*insert details*] by [*insert the legal name of the relevant credit rating agency entity(ies)*]. *(Include brief explanation of rating if available)* [[*Insert credit rating agency*] is established in the [European Union]/[United Kingdom] and is registered under Regulation (EC) No 1060/2009 (the "**CRA Regulation**").] [[*Insert credit rating agency*] is not established in the [European Union]/[United Kingdom] and has not applied for registration under Regulation (EC) No 1060/2009 (the "**CRA Regulation**") but the rating issued by it is endorsed by [*insert endorsing credit rating agency*] which is established in the European Union or the United Kingdom and is registered under the CRA Regulation.] [[*Insert credit rating agency*] is not established in the [European Union]/[United Kingdom] and has not applied for registration under Regulation (EC) No 1060/2009 (the "**CRA Regulation**") but is certified in accordance with the CRA Regulation.] [[*Insert credit rating agency*] is established in the [United Kingdom]/[*insert*] and is [registered with the Financial Conduct Authority in accordance with] / [the rating it has given to the Notes is endorsed by [UK-based credit rating agency] registered with the FCA in accordance with] / [certified under] [the UK Credit Rating Agencies Regulation,

as amended by the Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019]][2]

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

[Save for any fees payable to the Dealers, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The Dealers and their affiliates (including parent companies) have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business – *Amend as appropriate if there are other interests*]

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

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

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

(b) Estimated net proceeds: [●]

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

Indication of yield: [●]

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

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

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

[Benchmarks Amounts payable under the Notes will be calculated by reference to [●] which is provided by [●]. As at [●], [●] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to Article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "**BMR**").

[As far as the Issuer is aware, [[[●] does/do] not fall within the scope of the BMR by virtue of Article 2 of that regulation] / [the transitional provisions in Article 51 of the Benchmark Regulation apply], such that as at [●] [●] is not required to obtain authorisation or registration.]]

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

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

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

(i)	The final reference price of the underlying:	[[As set out in Condition 4.2(c) (*Interest - Interest on Floating Rate Notes and Inflation Linked Interest Notes - Rate of Interest - Inflation Linked Interest Notes)*/As set out in Condition 6.12 (*Calculation of Inflation Linked Redemption*)]/[Not Applicable]]
(ii)	An indication where information about the past and the further performance of the underlying and its volatility can be obtained	[Details can be obtained, [but not] free of charge, from [●] /[Not Applicable]]
(iii)	The name of the index:	[[CPI - ITL / HICP] as defined in Annex 1 to the Base Prospectus]/[Not Applicable]]
(iv)	The place where information about the index can be obtained:	[[Bloomberg Page ITCPIUNR or its replacement / Eurostat's internet site]/[Not Applicable]]

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

8 **OPERATIONAL INFORMATION**

(a)	ISIN Code:	[●]
(b)	Common Code:	[●]
(c)	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking, S.A. and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]
(d)	Delivery:	Delivery [against/free of] payment
(e)	Names and addresses of additional Paying Agent(s) (if any):	[●]
(f)	Deemed delivery of clearing system notices for the purposes of Condition 13 (*Notices*):	Any notice delivered to Noteholders through the clearing systems will be deemed to have been given on the [second] [business] day after the day on which it was given to Euroclear and Clearstream, Luxembourg.
(g)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes: Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations

by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.] [*include this text if "yes" selected in which case the Notes must be issued in NGN form*]

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

9 **DISTRIBUTION**

(a)	Method of distribution:	[Syndicated/Non-syndicated]
(b)	If syndicated, names of Managers:	[Not Applicable/*give names*]
(c)	Date of Subscription Agreement:	[●]
(d)	Stabilisation Manager(s) (if any):	[Not Applicable/*give name*]
(e)	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name*]
(f)	U.S. Selling Restrictions:	Reg. S Compliance Category 2
(g)	Prohibition of Sales to EEA and UK Retail Investors:	[Applicable]/[Not Applicable]

TERMS AND CONDITIONS OF THE NOTES

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

This Note is one of a Series (as defined below) of Notes issued by 2i Rete Gas S.p.A. (the "**Issuer**") constituted by an amended and restated Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the "**Trust Deed**") dated 22 December 2020 made between the Issuer and Deutsche Trustee Company Limited (the "**Trustee**", which expression shall include any successor as Trustee).

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

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

(b) any Global Note; and

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

The Notes and the Coupons (as defined below) have the benefit of an amended and restated Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") dated 22 December 2020 and made between the Issuer, Deutsche Bank AG, London Branch as issuing and principal paying agent and agent bank (the "**Agent**", which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the "**Paying Agents**", which expression shall include any additional or successor paying agents).

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

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

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

As used herein, "**Tranche**" means Notes which are identical in all respects (including as to listing and admission to trading) and "**Series**" means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to listing and admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours at the registered office of the Trustee and at the specified office of each of the Paying Agents. If the Notes are to be admitted to trading on the regulated market of The Irish Stock Exchange plc trading as Euronext Dublin ("**Euronext Dublin**") the applicable Final Terms will be published on the website of Euronext Dublin (www.ise.ie) and copies thereof will be available for viewing at the registered office of the Issuer and at the specified office of each Paying Agents and copies may be obtained from those offices.

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

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

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

1 Form, Denomination and Title

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

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

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

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

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

a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

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

2 Status of the Notes

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

3 Negative Pledge

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

(a) the same Security shall forthwith, to the satisfaction of the Trustee in its absolute discretion, be extended equally and rateably to secure all amounts payable under the Notes, any related Coupons and the Trust Deed; or

(b) such other Security or guarantee (or other arrangement) is provided either (A) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the Noteholders or (B) as is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

As used herein:

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

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

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

(a) whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent not less than 10 per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of the Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries; or

(b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately before the transfer is a Material Subsidiary of the Issuer.

A certificate by two directors (*consigliere di amministrazione*) of the Issuer stating that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a

Material Subsidiary shall, in the absence of manifest or proven error, be conclusive and binding on all parties and the Trustee shall be entitled to rely on such certificate without liability for so doing and without further enquiry;

"**Permitted Encumbrances**" means:

(a) any Security arising pursuant to any mandatory provision of law other than as a result of any action taken by the Issuer or a Material Subsidiary; or

(b) any Security in existence as at the date of issuance of the Notes, including any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Security referred to in this paragraph, or of any Indebtedness secured thereby; provided that the principal amount of Indebtedness secured thereby shall not exceed the principal amount of Indebtedness so secured at the time of such extension, renewal or replacement, and that such extension, renewal or replacement Security shall be limited to all or any part of the same property or shares of stock that secured the Indebtedness extended, renewed or replaced (plus improvements on such property), or property received or shares of stock issued in substitution or exchange therefor; or

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

(d) any Security securing Project Finance Indebtedness; or

(e) any Security which is created in connection with, or pursuant to, a limited-recourse financing, factoring, securitisation, asset-backed commercial paper programme or other like arrangement where the payment obligations in respect of the Indebtedness secured by the relevant Security are to be discharged solely from the revenues generated by the assets over which such Security is created (including, without limitation, receivables); or

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

(g) any Security created after the date of issuance of the Notes on any asset improved, constructed, altered or repaired and securing only Indebtedness incurred for the sole purpose of financing or re-financing such improvement, construction, alteration or repair, provided that the principal amount of such Indebtedness so secured does not exceed the overall cost of that improvement, construction, alteration or repair; or

(h) any Security that does not fall within subparagraphs (a) to (g) above and that secures Indebtedness which, when aggregated with Indebtedness secured by all other Security permitted under this subparagraph, does not exceed 5 per cent. of the Regulatory Asset Base of the Group as at the date of the creation of the Security;

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

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

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

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

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

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

provided that (a) the extent of such recourse is limited solely to the amount of any recoveries made on any such enforcement, and (b) such Person or Persons is or are not entitled, by virtue of any right or claim arising out of or in connection with such Indebtedness, to commence any proceedings of whatever nature against any member of the Group (other than a Project Finance Subsidiary) and (c) an equity contribution in the borrower or completion guarantees by the Issuer or Material Subsidiary, according to the then project finance market standard, shall not be deemed as a "recourse" to the relevant member of the Group;

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

(a) which is a single-purpose company whose principal assets and business are constituted by the ownership, acquisition, construction, development, leasing, maintenance and/or operation of an asset or assets and none of whose Indebtedness in respect of the financing of such ownership, acquisition, construction, development, leasing, maintenance and/or operation of an asset or assets is subject to any recourse whatsoever to any member of the Group (other than such Subsidiary or another Project Finance Subsidiary) in respect of the repayment thereof, except as expressly referred to in subparagraph (b)(ii) of the definition of Project Finance Indebtedness; or

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

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

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

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

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

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

pursuant to the provisions of Article 2359, first paragraph, no. 1 and no. 2, of the Italian Civil Code.

4 Interest

4.1 Interest on Fixed Rate Notes

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

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

As used in these Conditions:

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

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

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

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

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

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

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

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

"**Fixed Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

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

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

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

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

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

4.2 Interest on Floating Rate Notes and Inflation Linked Interest Notes

(a) Interest Payment Dates

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

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

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

Such interest will be payable in respect of each Interest Period. In the Conditions, "**Interest Period**" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

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

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

Interest Payment Date shall be the last Business Day in the month which falls in the Specified Period after the preceding applicable Interest Payment Date occurred; or

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

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

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

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

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

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

(b) Rate of Interest – Floating Rate Notes

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

(i) ISDA Determination for Floating Rate Notes

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

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

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

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

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

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

(ii) Screen Rate Determination for Floating Rate Notes

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

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

i. the offered quotation; or

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

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

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

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

If on any Interest Determination Date one only or none of the Reference Banks provides the Agent with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent determines as being the arithmetic mean (rounded if

necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Agent by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Agent with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Agent it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period in place of the Margin relating to that last preceding Interest Period).

For the purposes of these Conditions:

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

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

"**LIBOR**" means the London inter-bank offered rate.

"**Reference Banks**" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market, or, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Issuer, or by a third party/independent advisor appointed by the Issuer, and approved in writing by the Trustee.

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

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

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

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

Calculation Agent by reference to the following formula where CMS Reference Rate is specified as the Reference Rate in the applicable Final Terms:

CMS Rate plus Margin

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

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

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

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

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

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

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

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

"**Relevant Swap Rate**" means:

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

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

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

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

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

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

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined and Constant Maturity BTP Rate is specified as the Reference Rate in the applicable Final Terms, the Rate of Interest for each Interest Period will, subject as provided below, be the gross yield before taxes of Italian government bonds with a maturity of the Designated

Maturity, expressed as a percentage, which appears on the Relevant Screen Page (or such replacement page on that service which displays the information) at the Specified Time on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Calculation Agent.

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

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

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

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

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

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

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

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

(c) Rate of Interest – Inflation Linked Interest Notes

The Rate of Interest payable from time to time in respect of Inflation Linked Interest Notes for each Interest Period will be deteremined by the Calcuation Agent, or other party specified in the

applicable Final Terms, on the relevant Interest Determination Date in accordance with the following formula:

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

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

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

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

Definitions

For the purposes of the Conditions:

"**Day of Month**" means the actual number of days since the start of the relevant month;

"**Days in Month**" means the number of days in the relevant month;

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

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

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

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

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

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

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

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

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

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

(d) Minimum Rate of Interest and/or Maximum Rate of Interest

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

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

(e) Determination of Rate of Interest and calculation of Interest Amounts

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

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

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

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

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

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

of such amount) (such sum shall be rounded (if necessary) to the nearest euro cent with half a euro cent being rounded upwards).

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest in accordance with this Condition 4.2 (*Interest on Floating Rate Notes and Inflation Linked Interest Notes*):

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

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

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

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

where:

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

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

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

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

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

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

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

(f) Linear Interpolation

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

Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

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

(g) Notification of Rate of Interest and Interest Amounts

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

(h) Certificates to be final

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

4.3 Inflation Linked Note Provisions

4.3.1 Definitions

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

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

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

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

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

the Calculation Agent determines in its discretion that (i) it has become illegal to hold, acquire or dispose of any relevant hedging arrangements in respect of the Inflation Index or (ii) any Hedging Party will

incur a materially increased cost in performing its obligations in relation to the Notes (including, without limitation, due to any increase in tax liability, decrease in tax benefit or other adverse effect on the tax position of the Issuer, any of its affiliates or any other Hedging Party).

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

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

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

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

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

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

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

"**Increased Cost of Hedging**" means that any Hedging Party would incur a materially increased (as compared with circumstances existing on the Trade Date) amount of tax, duty, expense or fee (other than

brokerage commissions) to (a) acquire, establish, re-establish, substitute, maintain, unwind or dispose of any transaction(s) or asset(s) it deems necessary to hedge the market risk (including, without limitation, price risk, foreign exchange risk and interest rate risk) of the Issuer issuing and performing its obligations with respect to the Notes, or (b) realise, recover or remit the proceeds of any such transaction(s) or asset(s), provided that any such materially increased amount that is incurred solely due to the deterioration of the creditworthiness of the Issuer and/or any of its Affiliates shall not be deemed an Increased Cost of Hedging.

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

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

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

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

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

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

4.3.2 Inflation Index delay and disruption provisions

(a) Delay in publication

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

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

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

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

in each case as of such Determination Date,

where:

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

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

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

The Issuer shall give notice to Noteholders, in accordance with Condition 13 (*Notices*) of any Substitute Index Level calculated pursuant to this paragraph (a) of Condition 4.3.2.

If the Relevant Level (as defined above) is published or announced at any time on or after the relevant Cut-off Date, such Relevant Level will not be used in any calculations. The Substitute Index Level so determined pursuant to this paragraph (a) of Condition 4.3.2 will be the definitive level for that Reference Month.

(b) Cessation of publication

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

i. if at any time (other than after an early redemption has been designated by the Calculation Agent pursuant to this Condition 4.3), a successor inflation index has been designated by the calculation agent (or equivalent) pursuant to the terms and conditions of the Related Bond, such successor inflation index shall be designated a "**Successor Inflation Index**" notwithstanding that any other Successor Inflation Index may previously have been determined under paragraphs (b)(ii), (b)(iii) or (b)(iv) below of Condition 4.3.2;

ii. if a Successor Inflation Index has not been determined pursuant to paragraph (b)(i) above of Condition 4.3.2, and a notice has been given or an announcement has been made by the Inflation Index Sponsor specifying that the Inflation Index will be superseded by a replacement Inflation Index specified by the Inflation Index Sponsor, and the Calculation Agent determines that such replacement index is calculated using the same or substantially similar formula or method of calculation as used in the calculation of the previously applicable Inflation Index, such replacement index shall be the Inflation Index for purposes of the Inflation Linked Notes from the date that such replacement Inflation Index comes into effect;

iii. if a Successor Inflation Index has not been determined pursuant to paragraphs (b)(i) or (b)(ii) above of Condition 4.3.2, the Calculation Agent shall ask five leading independent dealers to state what the replacement index for the Inflation Index should be. If four or five responses are received and, of those four or five responses, three or more leading independent dealers state the same index, this index will be deemed the "**Successor Inflation Index**". If three responses are received and two or more leading independent dealers state the same index, this index will be deemed the "**Successor Inflation Index**". If fewer than three responses are received or no Successor Inflation Index is determined pursuant to this paragraph (b)(iii) of Condition 4.3.2, the Calculation Agent will proceed to paragraph (b)(iv) below of Condition 4.3.2; or

iv. if no replacement index or Successor Inflation Index has been determined under paragraphs (b) (i), (b)(ii) or (b)(iii) above of Condition 4.3.2 by the next occurring Cut-Off Date, the Calculation Agent, subject as provided below, will determine an appropriate alternative index from such Cut-Off Date, and such index will be deemed a "Successor Inflation Index"; or

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

(c) Rebasing of the Inflation Index

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

(d) Material modification prior to last occurring Cut-Off

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

(e) Manifest Error in Publication

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

(f) Consequences of an Additional Disruption Event

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

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

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

4.3.3 Inflation Index disclaimer

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

4.4 Accrual of interest

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

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

(b) as provided in the Trust Deed.

4.5 Benchmark discontinuation

(A) Independent Adviser

Notwithstanding the provisions above, if a Benchmark Event occurs in relation to an Original Reference Rate (in relation to Floating Rate Notes (other than CMS Linked Interest Notes and Constant Maturity BTP Linked Interest Notes)) when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate,

failing which an Alternative Rate (in accordance with Condition 4.5(B)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 4.5(D)) shall apply.

In making such determination, the Independent Adviser appointed pursuant to this Condition 4.5 shall act in good faith and in a commercially reasonable manner and in consultation with the Issuer. In the absence of fraud and gross negligence, the Independent Adviser shall have no liability whatsoever to the Issuer, the Paying Agents, the Noteholders or the Couponholders for any determination made by it pursuant to this Condition 4.5.

If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 4.5(A) prior to the the date that is seven business days prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the Rate of Interest which would have been applicable to such Series of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Payment Date but ending on (and excluding) the Interest Commencement Date. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 4.5(A).

(B) Successor Rate or Alternative Rate

If the Independent Adviser determines that:

(i) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4.5); or

(ii) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4.5).

(C) Adjustment Spread

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

(D) Benchmark Amendments

Notwithstanding the provisions of Condition 14.4, if any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 4.5 and the Independent Adviser determines (i) that amendments to these Conditions are necessary to ensure the

proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4.5(E), without any requirement for the consent or approval of Noteholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice. Subject to receipt of the notice given in accordance with Condition 4.5(E), the Trustee and the Agent or, if applicable, the Calculation Agent and the Paying Agents shall, without liability to the Noteholders or any other person, be obliged to concur with the Issuer in effecting any of the Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed) with effect from the date specified in the notice referred to in Condition 4.5(E) below.

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

In connection with any such variation in accordance with this Condition 4.5(D), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(E) Notices etc.

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4.5 will be notified promptly by the Issuer to the Trustee, the Agent, or if applicable, Calculation Agent, the Paying Agents and, in accordance with Condition 13 (Notices), the Noteholders. Such notice shall be irrevocable and binding and shall specify the effective date of the Benchmark Amendments, if any.

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

(F) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Condition 4.5 (A), (B), (C) and (D), the Original Reference Rate and the fallback provisions provided for in Condition 4.2(B) will continue to apply unless and until a Benchmark Event has occurred.

(G) Definitions

As used in this Condition 4.5:

"**Adjustment Spread**" means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case, that the Independent Adviser determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or

eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

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

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

(iii) (if the Independent Adviser determines that no such spread is customarily applied) the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 4.5(B) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes.

"**Benchmark Amendments**" has the meaning given to it in Condition 4.5(D).

"**Benchmark Event**" means:

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

(ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will, by a specified date on or prior the next Interest Determination Date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

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

(iii) a public statement by the administrator or the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes, in each case by a specified date on or prior the next Interest Determination Date;

(iv) a public statement by the administrator or the supervisor of the administrator of the Original Reference Rate that, in the view of such administrator or supervisor, such Original Reference Rate is no longer representative of an underlying market or, in any case, should be used for informational purposes only rather than as a benchmark for securities such as the Notes;

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

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

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4.5(A).

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

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

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

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

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

5 Payments

5.1 Method of payment

Subject as provided below:

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

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

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)) any law implementing an intergovernmental approach thereto (collectively, "**FATCA**").

5.2 Presentation of definitive Notes and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 5.1 (*Method of payment*) above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of

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

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

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

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A "**Long Maturity Note**" is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

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

5.3 Payments in respect of Global Notes

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

5.4 General provisions applicable to payments

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

Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

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

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

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

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

5.5 Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "**Payment Day**" means any day which (subject to Condition 8 (*Prescription*)) is:

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

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

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

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

5.6 Interpretation of principal and interest

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

(a) any additional amounts which may be payable with respect to principal under Condition 7 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution thereof, pursuant to the Trust Deed;

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

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

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

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

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 (*Taxation*) or under any undertaking or covenant given in addition thereto, or in substitution thereof, pursuant to the Trust Deed.

6 Redemption and Purchase

6.1 Redemption at maturity

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

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

6.2 Redemption for tax reasons

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

(a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Tax Jurisdiction (as defined in Condition 7 (*Taxation*)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

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

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee (i) a certificate signed by two directors (*consigliere di amministrazione*) of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept the certificate and the opinion as sufficient evidence of the satisfaction of the conditions

precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

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

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

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

The Optional Redemption Amount will either be the specified percentage of the nominal amount of the Notes stated in the applicable Final Terms or, if Make-Whole Amount is specified in the applicable Final Terms, will be an amount calculated by the Agent equal to the higher of:

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

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

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

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

"**Redemption Margin**" shall be as set out in the applicable Final Terms;

"**Reference Bond**" shall be as set out in the applicable Final Terms;

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

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

In the case of a partial redemption of Notes, the Notes to be redeemed ("**Redeemed Notes**") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "**Selection Date**"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of

such Redeemed Notes will be published in accordance with Condition 13 (*Notices*) not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 6.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 (*Notices*) at least five days prior to the Selection Date.

6.4 Clean-Up Call Option

If the Clean-Up Call Option (defined herein) is specified in the relevant Final Terms as being applicable, in the event that 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.

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

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

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

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

procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

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

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

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

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

(i) carry from any Rating Agency an Investment Grade Rating (whether provided by such Rating Agency at the invitation of the Issuer or by its own volition), and such rating from any Rating Agency is, within sixty (60) days of the occurrence of the Change of Control, either downgraded to a Non-Investment Grade Rating or withdrawn and is not, within such sixty (60) day period, subsequently (in the case of a downgrade) upgraded to an Investment Grade Rating by such Rating Agency or (in the case of a withdrawal) replaced by an Investment Grade Rating from any other Rating Agency; or

(ii) carry from any Rating Agency a Non-Investment Grade Rating, and such rating from any Rating Agency is, within sixty (60) days of the occurrence of the Change of Control, downgraded by one or more notches (*for illustration, Ba1 to Ba2 being one notch*) and is not, within such sixty (60) day period, subsequently upgraded to its earlier credit rating or better by such Rating Agency; or

(iii) carry no credit rating, and no Rating Agency assigns within one hundred and eighty (180) days of the occurrence of the Change of Control an Investment Grade Rating to the Notes,

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

For the purposes of the Conditions:

a "**Change of Control**" will be deemed to occur if the Issuer ceases to be controlled, directly or indirectly, pursuant to Article 2359 of the Italian Civil Code, by the Sponsors (or any of them) acting in concert or by any individual Sponsor; provided that an initial public offering of the ordinary shares of the Issuer shall not constitute a Change of Control if immediately subsequent to such initial public offering (i) at least 30 per cent. of the issued share capital of the Issuer continues to be held, directly or indirectly, by the Sponsors (or any of them) acting in concert or by any individual Sponsor, with such issued share capital having the right to cast at least 30 per cent. of the votes capable of being cast in general meetings of the Issuer and (ii) no other person (either alone or acting in concert with other persons) holds more shares in the Issuer than the Sponsors (or any of them) acting in concert or such individual Sponsor;

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

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

"**Rating Agency**" means Moody's France S.A.S. and S&P Global Ratings Europe Limited or any successor to any of them from time to time; and

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

6.6 Redemption at the option of the Noteholders (Investor Put)

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 13 (*Notices*) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a "**Put Notice**") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given

on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 6.6 (*Redemption at the option of the Noteholders (Investor Put)*) shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and the Trustee has declared the Notes to be due and payable pursuant to Condition 9 (*Events of Default*), in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6.6 (*Redemption at the option of the Noteholders (Investor Put)*).

6.7 Early Redemption Amounts

For the purpose of Condition 4.3 (*Inflation Linked Note Provisions*), Condition 6.2 (*Redemption for tax reasons*) above and Condition 9 (*Events of Default*), each Note will be redeemed at its Early Redemption Amount calculated as follows:

(a) in the case of a Note (other than a Zero Coupon Note), at the amount specified in the applicable Final Terms or, if no such amount so specified in the applicable Final Terms, at its nominal amount; or

(b) in the case of a Zero Coupon Note, at an amount (the "**Amortised Face Amount**") calculated in accordance with the following formula:

Early Redemption Amount = RP x $(1 + AY)^{y}$

where:

"**RP**" means the Reference Price;

"**AY**" means the Accrual Yield expressed as a decimal; and

"**y**" is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

(c) in the case of an Inflation Linked Interest Note and/or an Inflation Linked Redemption Note, at an amount calculated in accordance with Condition 6.11 (*Redemption of Inflation Linked Notes*) and Condition 6.12 (*Calculation of Inflation Linked Redemption*).

6.8 Purchases

The Issuer or any Subsidiary of the Issuer may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the

Issuer, surrendered to any Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer or any Subsidiary of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Condition 14 (*Meetings of Noteholders, Modification, Waiver and Substitution*).

6.9 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6.8 (*Purchases*) above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

6.10 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1, 6.2, 6.3, 6.4, 6.5 or 6.6 above or upon its becoming due and repayable as provided in Condition 9 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.7(b) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

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

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

6.11 Redemption of Inflation Linked Notes

In respect of Inflation Linked Notes, the Calculation Agent will calculate such Final Redemption Amount or Early Redemption Amount (as the case may be) promptly after each time such amount is capable of being determined and will notify the Agent thereof promptly after calculating the same. The Agent will promptly thereafter notify the Issuer and any stock exchange on which the Notes are for the time being listed thereof and cause notice thereof to be published in accordance with Condition 13 (*Notices*).

6.12 Calculation of Inflation Linked Redemption

The Final Redemption Amount payable in respect of each Note that is an Inflation Linked Redemption Note shall be determined by the Calculation Agent on the Redemption Determination Date (utilising the DIR(T) value applicable to the Final Redemption Amount) in accordance with the following formula:

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

The result of DIR(T) divided by DIR(0) shall be rounded (if necessary) to the fifth decimal place, with 0.000005 being rounded upwards and the Final Redemption Amount shall be rounded (if necessary) to the nearest euro cent with half a euro cent being rounded upwards.

The Early Redemption Amount payable in respect of each Note that is an Inflation Linked Interest Note or an Inflation Linked Redemption Note shall be the sum of (i) a principal amount determined by the Calculation Agent promptly after the time the Early Redemption Amount is capable of being determined

in accordance with the formula set out above, provided that the reference to "**Final Redemption Amount**" shall be replaced by a reference to "**Early Redemption Amount**" and the DIR(T) value applicable to the Early Redemption Amount shall be utilised; and (ii) interest accrued but unpaid in respect of the period from, and including, the most recent Interest Payment Date to, but excluding, the date for redemption of the Notes where the Rate of Interest for such period shall be calculated in accordance with the applicable Final Terms.

Defined terms used in this Condition shall have the same meanings as set out in Condition 4.2(c) (*Interest - Interest on Floating Rate Notes and Inflation Linked Interest Notes - Rate of Interest - Inflation Linked Interest Notes*) provided that, DIR(T) means the value of the Inflation Index for (i) in the case of the calculation of the Final Redemption Amount, the Maturity Date and (ii) in the case of the calculation of the Early Redemption Amount, the date for redemption of the Notes, in each case calculated in accordance with the following formula where month "t" is the month and year of the Maturity Date in the case of (i) above and the month and year in which the date for redemption falls in the case of (ii) above:

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

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

If the date for redemption occurs prior to the first Interest Payment Date, a *pro rata* proportion of an amount equal to the product of the Initial Ratio Amount multiplied by DIR(T)/DIR(0) shall be added to the relevant Interest Amount (in respect of the period from and including the Interest Commencement Date to but excluding the date of redemption of the Notes) (such sum shall be rounded (if necessary) to the nearest euro cent with half a euro cent being rounded upwards).

"**Redemption Amount Multiplier**" has the meaning given to it in the applicable Final Terms, provided that if Redemption Amount Multiplier is specified as "Not Applicable", the Redemption Amount Multiplier shall be deduced to be equal to 100 per cent.

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

7 Taxation

All payments of principal and interest in respect of the Notes and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future Taxes imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

(a) in relation to any payment or deduction of any interest, principal or other proceeds of any Note or Coupon, presented for payment in the Republic of Italy; or

(b) the holder of which is liable for such Taxes in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or

(c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for

payment on such 30th day assuming that day to have been a Payment Day (as defined in Condition 5.5 (*Payment Day*)); or

(d) presented for payment by or on behalf of a holder who would be able to avoid such withholding or deduction by making a declaration or any other statement, including but not limited to, a declaration of residence or non-residence, but fails to do so; or

(e) in relation to any payment or deduction of any interest, principal or other proceeds of any Notes or Coupons made according to Italian Presidential Decree No. 600 of 29 September 1973 or on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996, pursuant to Law Decree No. 512 of 30 September 1983, converted into Law No. 649 of 25 November 1983 and pursuant to Italian Legislative Decree No. 461 of 21 November 1997, or future similar law and any related implementing regulations (each as amended or supplemented from time to time); or

(f) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by complying with the procedural requirements set forth in Italian Legislative Decree No. 239 of 1 April 1996; or

(g) any combination of the items (a) through (g) above.

Notwithstanding any other provision of the Conditions, any amounts to be paid on the Notes and Coupons by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

As used herein:

(i) "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13 (*Notices*).

(ii) "**Taxes**" means any tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and any other additions thereto, and, for the avoidance of doubt, including any withholding or deduction for or on account of Tax); and

(iii) "**Tax Jurisdiction**" means the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject by reason of its tax residence or a permanent establishment maintained therein in respect of payments made by it of principal and interest on the Notes and Coupons.

8 Prescription

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7 (*Taxation*)) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5.2 (*Payments – Presentation of definitive Notes and Coupons*) or any Talon which would be void pursuant to Condition 5.2 (*Payments – Presentation of definitive Notes and Coupons*).

9 Events of Default

9.1 Events of Default

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

(a) if default is made in the payment in the Specified Currency of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 14 days; or

(b) if the Issuer fails to perform or observe any of its other obligations under the Conditions or the Trust Deed and (except in any case where the Trustee considers the failure to be incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 45 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of written notice requiring the same to be remedied; or

(c) if any Indebtedness for Borrowed Money of the Issuer or any of its Material Subsidiaries becomes due and repayable prematurely by reason of an event of default (however described), or the Issuer or any of its Material Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment (as extended by any originally applicable grace period) or default is made by the Issuer or any of its Material Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person (as extended by any originally applicable grace period), provided that no such event shall constitute an Event of Default unless the aggregate Indebtedness for Borrowed Money relating to all such events which shall have occurred and be continuing shall exceed at any time €50,000,000 (or its equivalent in any other currency); or

(d) any Security (other than any Security securing Project Finance Indebtedness or Indebtedness for Borrowed Money incurred in the circumstances described in the definition of Project Finance Indebtedness as if such definition referred to Indebtedness for Borrowed Money), present or future, created or assumed on or against all or a material part of the property, assets or revenues of the Issuer, becomes enforceable and any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) which is not contested in good faith by all appropriate means or discharged or cancelled within 60 days of such enforcement; or

(e) if any order is made by any competent court or resolution passed for the liquidation, winding up or dissolution (*scioglimento o liquidazione*) of the Issuer or any of its Material Subsidiaries and

such order or resolution is not discharged or cancelled within 60 days, save for the purposes of (i) a solvent amalgamation, merger, de-merger, reconstruction or other transaction having substantially the same effect (a "**Solvent Reorganisation**") under which the assets and liabilities of the Issuer or such Material Subsidiary, as the case may be, are assumed by the entity resulting from such Solvent Reorganisation and (A) such entity continues to carry on substantially the same business of the Issuer or such Material Subsidiary, as the case may be, and (B) in the case of a Solvent Reorganisation of the Issuer, such entity assumes all the obligations of the Issuer in respect of the Notes, the Coupons and the Trust Deed and an opinion of an independent legal adviser of recognised standing in the Republic of Italy has been delivered to the Trustee confirming the same prior to the effective date of such Solvent Reorganisation, or (ii) a reorganisation on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; or

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

(g) (i) proceedings are initiated against the Issuer or any of its Material Subsidiaries under any applicable insolvency, composition, reorganisation or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Material Subsidiaries or, as the case may be, in relation to the whole or a Substantial Part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or a Substantial Part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a Substantial Part of the undertaking or assets of any of them and (ii) in any case (other than the appointment of an administrator) unless initiated by a member of the Group, is not contested in good faith by all appropriate means or is not discharged within 60 days; or

(h) if the Issuer or any of its Material Subsidiaries fails to pay a final judgment (*sentenza passata in giudicato*, in the case of a judgment issued by an Italian court) of a court of competent jurisdiction within 60 days from the receipt of a notice that a final judgment in excess of an amount equal to the value of a Substantial Part of the assets or property of the Issuer or any of its Material Subsidiaries has been entered against it or an execution is levied, enforced upon or sued out against the whole or any Substantial Part of the assets or property of the Issuer or any of its Material Subsidiaries pursuant to any such judgment; or

(i) if the Issuer or any of its Material Subsidiaries stops or announces that it shall stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent, or initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the

benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors) otherwise than for the purposes of a Solvent Reorganisation or on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders.

9.2 Enforcement

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

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

9.3 Definitions

For the purposes of the Conditions:

"**Indebtedness for Borrowed Money**" means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (i) money borrowed, (ii) liabilities under or in respect of any acceptance or acceptance credit or (iii) any notes, bonds, debentures, debenture stock, loan stock or other securities offered, issued or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash; and

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

10 Replacement of Notes, Coupons and Talons

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

11 Paying Agents

The names of the initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

(a) there will at all times be an Agent;

(b) so long as the Notes are listed on any stock exchange or admitted to trading by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and

(c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.4 (*Payments - General provisions applicable to payments*). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 13 (*Notices*).

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

12 Exchange of Talons

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8 (*Prescription*).

13 Notices

All notices regarding the Notes will be deemed to be validly given if published (a) in a leading English language daily newspaper of general circulation in London, and (b) if and for so long as the Notes are admitted to trading on, and listed on the Official List of, Euronext Dublin and the rules of that exchange so require, on the website of Euronext Dublin (www.ise.ie) or in one daily newspaper published in Ireland. It is expected that any such publication in a newspaper will be made in the Financial Times in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or authority or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on such day as is specified in the applicable Final Terms after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent, and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

14 Meetings of Noteholders, Modification, Waiver and Substitution

14.1 Meetings of Noteholders

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

All meetings of Noteholders will be held in accordance with applicable Italian law and the Issuer's by-laws in force from time to time. Without prejudice to the provisions set out in the Trust Deed, the meeting of Noteholders is empowered to resolve upon the following matters: (i) the appointment and revocation of a Noteholders' Representative (*rappresentante comune*) of the Noteholders, having the powers and duties set out in Article 2418 of the Italian Civil Code, (ii) any amendment to the Conditions, (iii) motions for the composition with creditors (*concordato*) of the Issuer; (iv) establishment of a fund for the expenses necessary for the protection of the common interests of the Noteholders and the related statements of account; and (v) any other matter of common interest to the Noteholders in accordance with Article 2415 of the Italian Civil Code.

14.2 Quorums and Majorities

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

(i) a meeting of Noteholders may be convened by the Board of Directors of the Issuer, the Noteholders' Representative (*rappresentante comune*) (as defined below) or, subject to any mandatory provisions of Italian law, the Trustee when the Board of Directors, the Noteholders' Representative (*rappresentante comune*), or, subject to any mandatory provisions of Italian law, the Trustee, as the case may be, deems it necessary or appropriate and such parties shall be obliged to do so, in any event, upon the request of any Noteholder(s) holding not less than one-twentieth of the aggregate principal amount of the Notes for the time being remaining outstanding, in each case in accordance with Article 2415 of the Italian Civil Code. If the Issuer or the Noteholders' Representative (*rappresentante comune*) defaults in convening such a meeting following such request or requisition by the Noteholders representing not less than one twentieth of the aggregate principal amount of the outstanding Notes, the statutory auditors (or analogous body or supervisory body) shall do so, or if they so default, the same may be convened by a decision of the competent court in accordance with Article 2367, paragraph 2 of the Italian Civil Code;

(ii) a meeting of Noteholders will be validly held (a) in respect of meetings convened to pass an Extraordinary Resolution that does not relate to a Reserved Matter (as defined in the Trust Deed) if (A) in the case of a first meeting, there are one or more persons present that hold or represent holders of more than one half of the aggregate principal amount of the outstanding

Notes or (B) in the case of a second or further adjourned meeting, there are one or more persons present that hold or represent holders of more than one-third of the aggregate principal amount of the outstanding Notes; (b) in respect of a meeting convened to pass an Extraordinary Resolution relating to a Reserved Matter, there are one or more persons present that hold or represent holders of at least one-half of the aggregate principal amount of the outstanding Notes; provided, however, that the Issuer's by-laws may provide for higher quorums (to the extent permitted under Italian law); and

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

Officers and statutory auditors of the Issuer shall be entitled to attend the Noteholders' meetings but not participate or vote with reference to the Notes held by the Issuer. Any resolution duly passed at any such meeting shall be binding on all the Noteholders and on all Couponholders, whether or not they are present at the meeting or voted in favour or against the resolution.

An Extraordinary Resolution shall be binding upon all Noteholders whether or not present at such Meeting and irrespective of whether they have cast their vote or of how their vote was cast at such Meeting, and each of the Noteholders shall be bound to give effect to it accordingly.

14.3 Noteholders' Representative

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

14.4 Modification and Waiver

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

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

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 7 (*Taxation*) and/or any undertaking given in addition to, or in substitution for, Condition 7 (*Taxation*) pursuant to the Trust Deed.

14.6 Substitution

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

15 Indemnification of the Trustee and Trustee Contracting with the Issuer

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

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

16 Further Issues

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

17 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18 Governing Law and Submission to Jurisdiction

18.1 Governing law

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

18.2 Submission to jurisdiction

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

Each party hereto waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum.

18.3 Appointment of Process Agent

The Issuer appoints Law Debenture Corporate Services Limited at its registered office at 8th Floor, 100 Bishopsgate, London, EC2N 4AG, United Kingdom as its agent for service of process, and undertakes that, in the event of Law Debenture Corporate Services Limited ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

18.4 Other documents

The Issuer has in the Trust Deed and the Agency Agreement submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes, which include making a profit and/or to refinance existing indebtedness, or as otherwise set out in the relevant Final Terms.

DESCRIPTION OF THE ISSUER

OVERVIEW

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

Pursuant to its by-laws (the "**By-laws**"), its corporate existence is due to end on 31 December 2050, unless such term is extended by a shareholders' resolution.

The main corporate object of 2iRG is the distribution and metering of gas of any kind in all of its applications.

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

2iRG is the parent company of the group consisting of 2iRG and its consolidated operating subsidiaries (collectively, the "**Group**" or "**2iRG Group**"), which is the second largest operator in the gas distribution sector in Italy with a market share of approximately 18.4 per cent. in terms of volumes of gas distributed in Italy[3].

As at 31 December 2019, 2iRG Group managed 66,052 kilometres of network throughout Italy (equivalent to more than 25 per cent. of the entire Italian network) and has a widespread and geographically diversified network of concessions across the whole Italian territory.

During 2019, the 2iRG Group distributed more than 5.97 billion cubic metres (bcm) of natural gas, provided gas services to 2,133 municipalities (2,132 concessions) with more than 4.34 million end users, and generated €1,057.1 million of consolidated revenues and €531.1 million of consolidated EBITDA for the financial year ended 31 December 2019.

As of 30 June 2020, the 2iRG Group managed 66,259 kilometres of network and distributed in six months more than 3.27 billion cubic metres (bcm) of natural gas, provided gas services to 2,142 municipalities (2,134 concessions) with more than 4.34 million end users, and generated in the same six-month period €468.7 million of consolidated revenues and €239 million of consolidated EBITDA.

HISTORY OF THE GROUP

Set-up of the Issuer and transformation

The Issuer was incorporated on 16 September 2009 by F2i Sgr S.p.A. ("**F2i**") and ARDIAN (formerly AXA Private Equity) as a limited liability company (*società a responsabilità limitata*) under the laws of the Republic of Italy, with the corporate name "F2i Reti Italia S.r.l.", as a vehicle for the acquisition on 30 September 2009 by F2i and ARDIAN from Enel Distribuzione S.p.A. ("**Enel Distribuzione**") of the controlling interest (equal to 80 per cent.) in the gas distribution operator Enel Rete Gas S.p.A., a company registered with the Companies' Register of Milan with company number 00736240151 ("**ERG**").

[3] *Source:* Issuer's calculations based on ARERA 2020 Report (as defined above), which refers to volumes distribuited in 2018.

Before its acquisition by Enel Distribuzione in 2002, ERG was formerly known as Camuzzi Gazometri S.p.A. and had operated in the gas distribution business since its incorporation in 1929. ERG had expanded its distribution business through both acquisitions and organic growth of the network through the years. In particular, around 120 companies had been acquired and merged since 2000, with a total growth of around 3.6 million redelivery points since inception. In 2011, after an increase in its share capital, ERG acquired two of the main operators being sold by foreign utilities: in September 2011, ERG acquired 100 per cent. of the corporate capital of 2i Gas Infrastruttura Italiana Gas S.r.l. (formerly known as E.On Rete S.r.l.), which had been acquired from E.On Italia S.p.A. via certain other holding companies established by F2i on 7 April 2011; on 3 October 2011 ERG further consolidated its market position through the acquisition of G6 Rete Gas S.p.A. ("**G6 Rete Gas**"), the company holding the Italian gas distribution assets of GdF Suez Energia Italia S.p.A. 2i Gas Infrastruttura Italiana Gas S.r.l. and G6 Rete Gas were subsequently merged by incorporation into ERG on 30 September 2012 and 1 October 2013, respectively.

In December 2013, the remaining minority stake in ERG retained by Enel Distribuzione was acquired by F2i Reti Italia 2 S.r.l., another acquisition vehicle supported by funds managed or advised by F2i and ARDIAN, which vehicle in August 2014 had been merged by way of incorporation into 2iRG (at the time being F2i Reti Italia S.r.l.).

With effect from 19 March 2014, ERG changed its name to "2i Rete Gas S.p.A." (the "**Former 2iRG**").

On 1 January 2015, in the context of a corporate reorganisation aimed at, *inter alia*, simplifying the capital structure of the Group, the Former 2iRG, which at that time was 99 per cent. owned by F2i Reti Italia S.r.l., was merged by incorporation into F2i Reti Italia S.r.l. (such merger, the "**Merger**").

On the same date, the entity resulting from the Merger was transformed into a company limited by shares (*società per azioni*) and changed its corporate name to 2i Rete Gas S.p.A.

As a result of the Merger, all the assets (including the gas distribution network) and liabilities (including the notes issued under the Euro Medium Term Note Programme established on 30 June 2014) of the Former 2iRG, became assets and liabilities of 2iRG, which is the current Issuer under the Programme.

Reorganisation of the 2iRG Group

On 1 January 2016, in order to simplify the 2iRG Group structure, the Issuer's 100 per cent. subsidiary GP Rete Gas S.p.A. was merged by way of incorporation into 2iRG, which assumed its assets and liabilities and in particular the management of concessions for the gas distribution in 8 municipalities in the Lombardia Region.

In addition, in 2016 2iRG acquired the gas distribution network of its wholly owned subsidiary Italcogim Trasporto S.r.l. ("**Italcogim Trasporto**"). Italcogim Trasporto was a regional minor gas transportation company, operating in the Municipalities of Comunanza, Montedinove, Montalto delle Marche, Rotella, Force e Santa Vittoria Matenano and Amandola (in the Marche Region) and which was acquired by ERG in 2011 in the context of the acquisition of G6 Rete Gas. Since 2iRG Group was not interested in developing transportation activities, 2iRG applied to the Ministry for the Economic Development (the "**MED**") for the reclassification of the transportation network into a distribution network. The MED gave its preliminary approval to such reclassification, by imposing on Italcogim Trasporto certain operational and technical conditions, including, amongst others, the transfer of the network from Italcogim Trasporto to 2iRG immediately after the reclassification. On 1 January 2016, the reclassification came into effect and 2iRG acquired the distribution network of Italcogim Trasporto.

At the end of December 2017, the subsidiary Italcogim Trasporto was liquidated, since the company had no longer any assets.

On 1 January 2018, in order to simplify the 2iRG Group structure, Genia Distribuzione Gas S.r.l., a wholly owned subsidiary of 2iRG operating the natural gas distribution service in the municipality of San Giuliano Milanese in the Lombardia Region, was merged by way of incorporation into 2iRG. As a result of such transaction, 2iRG assumed the assets and liabilities of Genia Distribuzione Gas S.r.l. and in particular the management of the concessions for the gas distribution in the municipality of San Giuliano Milanese.

Acquisition of Nedgia and Gas Natural Italia

On 13 October 2017, 2iRG and Gas Natural Fenosa entered into an agreement for the acquisition by 2iRG, through its newly incorporated subsidiary 2i Rete Gas Impianti S.r.l., of 100% of the share capital of Nedgia S.p.A. ("**Nedgia**"), the then seventh largest gas distributor in Italy founded in 2004 and headquartered in the Municipality of Acquaviva delle Fonti (in the province of Bari), and Gas Natural Italia S.p.A. ("**Gas Natural Italia**"), the service company of Nedgia. At the end of January 2018, the agreement for the acquisition of Nedgia and Gas Natural Italia was cleared by the Italian Antitrust Authority ("**IAA**"), and therefore the acquisition became effective as from 1 February 2018. Through the above transactions, 2iRG strengthened its presence as a key player in Central and Southern Italy and increased the number of minimum territorial areas (*Ambiti Territoriali Minimi*, ATEM) it operates in across the country. Namely, the Group acquired 223 concessions with approximately 460 thousand customers and approximately 7,300 kilometres distribution network and approximately 205 employees.

Such transaction – which followed the acquisition and integration of the gas distribution networks of Enel, the German group EON and the French group Engie – was in line with the 2iRG growth strategy of integrating existing assets and providing increasingly higher service quality and safety standards, a higher level of technological innovation and cost-effective operations.

In connection with the acquisition of Nedgia and Gas Natural Italia, as required by the IAA as part of the acquisition clearance process, a tender was called in the first half of 2018 to assign some concessions for Bari 2 and Foggia 1 ATEMs to a third party. Such concessions were assigned to Centria S.r.l. which entered into a preliminary agreement for the acquisition of the assets and liabilities relating to the tendered concessions. In accordance with such preliminary agreement, on 1 April 2019 a transaction was completed for the disposal of the equity interest held in Murgia Reti Gas S.r.l., a corporate vehicle holding the abovementioned concessions, assets and related operating staff.

In connection with the same transaction, a process of organisational and corporate integration was carried out in 2018 and 2019, with an initial merger and spin-off transaction designed to streamline the Group's organisational setup and further mergers aimed at enhancing the corporate structure of the Group.

Transfer of shares of 2iRG in 2018

On 28 March 2018 the shareholder Finavias S.a r.l. acquired the stake in 2iRG held by AXA Infrastructure Holding S.a r.l. Such acquisition was carried out in the context of the partial sale by ARDIAN of its stake in Finavias S.a r.l., following which Finavias S.a r.l. is now currently owned by funds and entities managed by APG Asset Management N.V. and ARDIAN (participating in Finavias S.a r.l. through some of their subholding).

Reorganisation of the 2iRG Group

In April 2018, the Group started a reorganisation process aimed at simplifying the structure, operational management and decision-making processes of the 2iRG Group, after the acquisition of Nedgia and Gas Natural Italia, by concentrating the operational activities in 2iRG.

In particular, the following intragroup extraordinary transactions were completed:

- a reverse merger of 2i Rete Gas Impianti S.r.l. into 2i Rete Gas Impianti S.p.A. (formerly Nedgia S.p.A.), effective as from 25 June 2018, following which, pursuant to and according to Article 2504-bis, first

paragraph, of the Italian Civil Code: (i) 2i Rete Gas Impianti S.p.A. acquired all rights, obligations, assets, liabilities and relationships of 2i Rete Gas Impianti S.r.l., (ii) 2i Rete Gas Impianti S.r.l. was cancelled by the Companies' Register and (iii) 2iRG became the owner of the 100% of the share capital of 2i Rete Gas Impianti S.p.A.;

- a subsequent partial demerger of 2i Rete Gas Impianti S.p.A. in favor of 2iRG, effective as from 1 July 2018, aimed at reorganising the activities of the 2iRG Group by transferring the activities and contracts of an operational nature and the personnel of 2i Rete Gas Impianti S.p.A. to the parent company 2iRG; as a result of the partial demerger, 2iRG exercised the management and maintenance of its gas distribution networks and, by entering into an infra-group service agreement, of those of 2i Rete Gas Impianti S.p.A., which maintained the sole ownership of the distribution networks and of its concession contracts. This target structure allowed the 2iRG Group to integrate the resources and operating activities of 2i Rete Gas Impianti S.p.A., maintaining the separation of the corporate entities and the respective concession relationships while the ordinary management analysis of the newly acquired company continued;
- a direct merger of 2i Rete Gas Servizi S.p.A. (formerly Gas Natural Italia S.p.A.) into 2iRG was completed on 1 January 2019;
- finally, and as the last step of the reorganisation process following the acquisition of Nedgia and Gas Natural Italia, the direct merger of 2i Rete Gas Impianti S.p.A. into 2iRG, completed on 1 October 2019, following which, pursuant to and according to Article 2504-bis, first paragraph, of the Italian Civil Code, 2i Rete Gas S.p.A. acquired all rights, concessions, obligations, assets, liabilities and relationships of 2i Rete Gas Impianti S.p.A.

Further acquisitions and direct mergers

On 11 May 2018, the Company acquired the entire corporate capital of Compagnia Generale Metanodotti S.r.l., a company managing the gas distribiution network in the Municipality of Cadeo (ATEM (as defined below) of Piacenza 2). The Company was merged by incorporation into 2iRG on 1 January 2019.

On 30 April 2020, 2i Rete Gas S.p.A. completed the acquisition, from BN Investimenti S.p.A., of the entire corporate capital of Montelungo Gas S.r.l., Maierà Gas S.r.l. and Cometam Gas S.r.l, companies managing around 60 km of network in the south of Italy (Campania and Calabria), which were merged by incorporation into 2iRG on 1 October 2020.

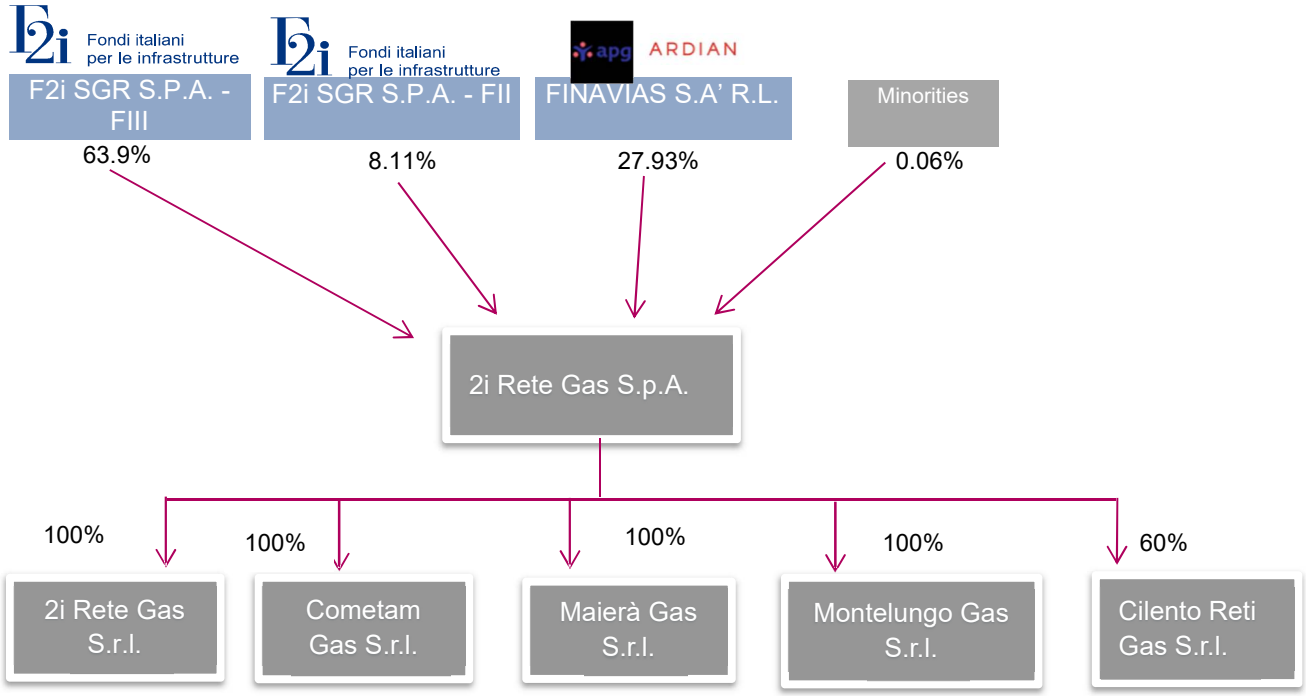
GROUP STRUCTURE

The structure of the 2iRG Group as at 30 June 2020

2iRG Group is part of the consolidation process within the fragmented Italian gas distribution market, leading to the creation of a national independent operator[4]. The Issuer is not dependent on any subsidiary.

The organisational and ownership structure of the Group as at 30 June 2020 is outlined in the following chart:

[4] 'Independent distribution operator' means that the Issuer is not directly involved in activities relating to gas transport, storage or sale.



* F2i - Terzo Fondo per le Infrastrutture ("**F2i Third Fund**") managed and advised by F2i SGR S.p.A.

** F2i - Secondo Fondo Italiano per le Infrastrutture ("**F2i Second Fund**") managed and advised by F2i SGR S.p.A.

STRATEGY

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

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

- **acquisition of new concessions** through calls for tender at "multi-municipality minimum geographical areas" (*Ambiti Territoriali Minim* – "**ATEMs**") level and performance of corporate acquisitions;
- **service management** (*i.e.*, operation and maintenance of facilities, provision of service to interested parties);
- **release of facilities** at the end of the contract.

On 25 March 2020, the Board of Directors approved the Sustainability Policy of 2iRG, a document providing guidance on (i) business decisions of the Group with a view of sustainability, (ii) the assumption of firm commitments and (iii) the definition of implementation principles to be followed to ensure responsible business management. The essence of the Issuer's Sustainability Policy, which is based on the Sustainability Framework

of 2iRG (that was defined previously, following the update of the Group's materiality matrix), is to strengthen and, at the same time, develop all guiding principles on which the Group's own identity rests and to raise awareness in respect of the commitments undertaken in the area of sustainability to pursue a balanced development in the medium and long term.

Furthermore, the Sustainability Policy highlights, endorses and sets out the Group's belief that, in order to create sustainable and long-lasting value, business growth must be combined with respect for the principles of legality, integrity, impartiality and transparency, on the basis of an integrated strategy, applying at the same time continuous improvement practices as well as operation efficiency and cost-effectivness criteria.

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

On 25 March 2020, the Board of Directors also approved the Sustainability Plan of 2iRG for the four-year period 2020-2023, defined with the aim to increasingly integrate the Environmental, Social and Governance (ESG) issues in strategic planning and which includes specific, measurable, achievable and time-bound goals. Such Sustainability Plan, starting from prerequisites and in relation to each materiality issue clustered in four macro-pillars of the Sustainability Framework of 2iRG, sets the 2iRG ESG objectives and the initiatives, projects, action plans identified as instrumental to the achievement of these objectives, together with the related key performance indicators, targets and deadlines.

BUSINESS OF THE GROUP

Gas Distribution Business

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

In particular, the Group performs three core business activities: network management, commercial activity and dispatching activity.

- Network management consists of planning, engineering, construction of infrastructures, as well as the installation of meters at the users' premises. 2iRG is in charge of the operation and maintenance of the gas network in order to ensure proper network functioning as required by the national regulations set out by the law and ARERA regulations and standards, as well as by the technical emergency system ("*Pronto Intervento*") requirements.

- Commercial activity includes a wide range of commercial services mainly provided to sales companies, such as meter readings, deactivations and switches.

- Dispatching activity consists of data management concerning volumes of gas distributed, for allocation to the sales companies of the daily quantities on the transportation networks redelivery points.

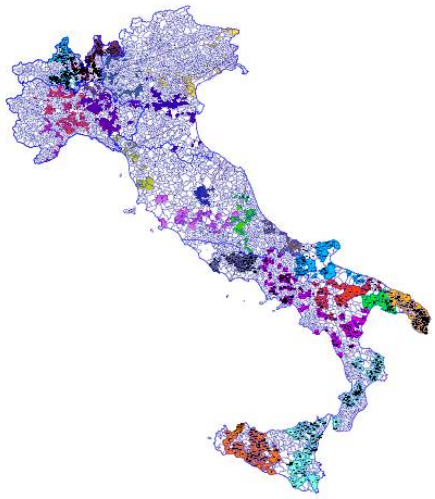
The business of the Issuer is dependent on gas distribution concessions granted by Italian local authorities and is a regulated activity under the authority of the Italian Regulatory Authority for Energy, Networks and the Environment (*Autorità di Regolazione per Energia, Reti e Ambiente*, the "**ARERA**")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

At the end of 2019, the Group held 2,132 gas distribution concessions in approximately 2,133 municipalities (16 of which are provincial capitals) and managed 66,052 kilometres of medium and low pressure transportation network (equal to approximately 25 per cent. of the entire Italian network).

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

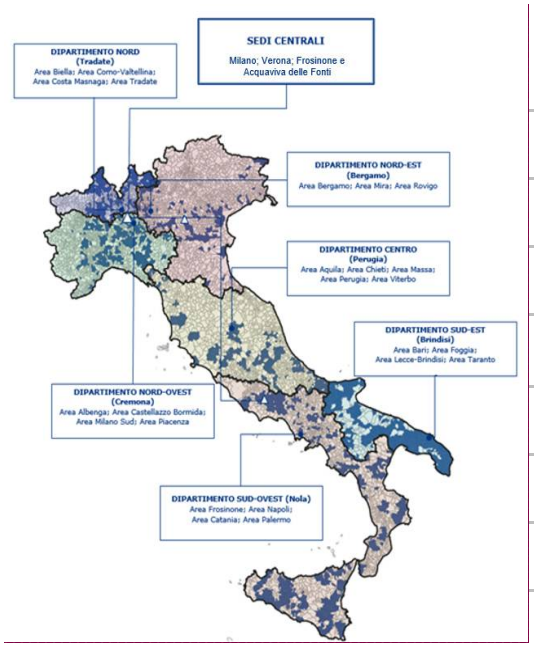
- North-West Department - Via Gazzoletto, 16/18 - 26100 Cremona (in the province of Cremona);
- North Department - Via Francesco Rismondo, 14 - 21049 Tradate (in the province of Varese);
- North-East Department - Via Serassi, 17/Rs - 24124 Bergamo (in the province of Bergamo);
- Central Department - Via Morettini, 39 - 06128 Perugia (in the province of Perugia);
- South-West Department - Via Boscofangone snc – 80035 Nola (in the province of Naples); and
- South-East Department - Via Enrico Mattei - 72100 Brindisi (in the province of Brindisi).

The following map illustrates the areas of concentration of 2iRG's operations and infrastructures in Italy as at 31 December 2019.



- **Presence in 18 Regions**
- 137 out of **172 Ambiti Territoriali Minimi ("ATEMs")** as indicated nationwide by the Ministry of Economic Development **("MED")**
- Approximately 2,133 municipalities under management, including 16 provincial capitals

As at 31 December 2019 the aggregate operating data of the Group are as follows:

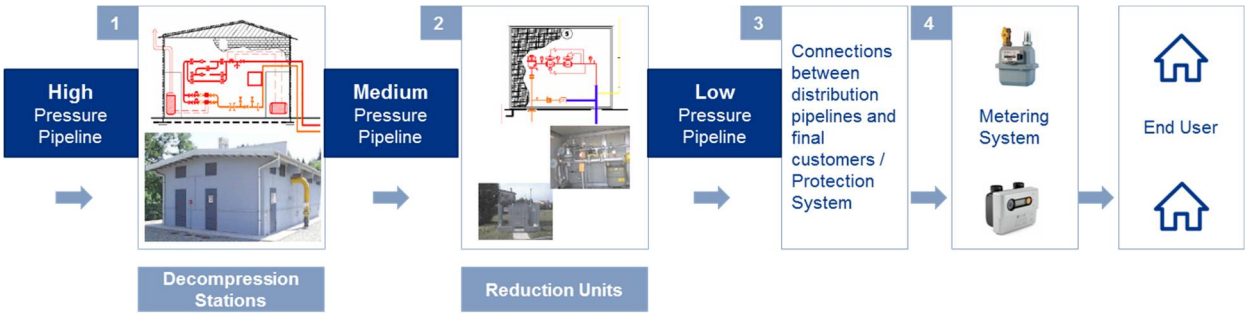


Regional presence (#)	**18**
ATEM presence (#)	**137**
Re-delivery points ("rdp") (m)	**4.3**
Distributed volumes (bcm)	**6.0**
Municipalities under management (#)	**2,133**
Employees (#)	**2,057**
Grid extension ('000 km)	**66**
Capex (€ m)	**306**

Infrastructure

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

The chart below shows how the integrated system of gas distribution infrastructures works.



As at 31 December 2019, the system consists of 1,229 decompression and measurement stations (city gates) where gas filtration, preheating, reduction of pressure, measurement and odorisation are performed. City gates are the break points between transportation and distribution infrastructure systems. 2iRG's stations are remotely measured and controlled.

2iRG's network as at 31 December 2019 is composed of a few kilometres (less than 1 per cent.) of pipeline managed at a minimum operating pressure of 5 Bar (high pressure pipeline) and around 40 per cent. of pipeline managed at an operating pressure of between 5 Bar to a minimum of 0.04 Bar (medium pressure pipeline). 15,822 reduction units are located next to the residential centres reducing the pressure from medium to low pressure. A pipeline managed at a maximum operating pressure of 0.04 Bar is normally used for distributing gas to the end users (low pressure pipeline); approximately 60 per cent. of the company pipeline is managed at a low operating pressure. The Issuer manages a highly efficient and modern pipeline, of which approximately 20 per cent. is made up of polyethylene pipes (with no need for a corrosion protection system) and approximately 80 per cent. of steel pipes, all protected against corrosion by a cathodic protection system. The distribution system ends with connections between the distribution pipelines to final customers' systems and metering systems.

The aggregate data related to the infrastructure of the Group, including also Nedgia and Gas Natural Italia, as at 31 December 2019 – which have been determined by the Issuer on the basis of the elaboration of data available to it – is as follows:

Assets		
Decompression stations ("Re. Mi.")		**1,235**
Reduction units		**15,879**
Cathodic protection system units		**3,632**
Remote control units		**10,532**
Control system units		**1,547**

2iRG Distribution Concessions

As at 31 December 2019, 2iRG holds active concessions in 2,133 municipalities, representing approximately 4.34 million redelivery points. Of these, 1,866 concessions in 1,852 municipalities representing approximately 3,707,290 million redelivery points (or 85% per cent. of total redelivery points managed by the Group) have expired and are currently under a "*prorogatio*" regime[5].

In particular, the natural gas distribution concessions of the 2iRG Group, as at 31 December 2019, can be described as follows:

- natural gas distribution concessions in Italy in 1,045 municipalities – relating to 2,028,706 million redelivery points – the contracts for which have expired by operation of law and are currently being operated by the Issuer pursuant to Article 14.7 of the Letta Decree (as defined in "Regulatory and Legislative Framework" below) until a new concessionaire is awarded the concession after the completion of an ATEM tender procedure (i.e. "prorogatio" regime). For some of these concessions, the re-tendering process has already started. See the section "*Regulatory and Legislative Framework*" below for more details;

- natural gas distribution concessions in Italy in 808 municipalities – relating to 1,678,590 million redelivery points – the contracts for which have expired as the final term of the concession has been reached and these are currently being operated by the Issuer pursuant to Article 14.7 of the Letta Decree until a new concessionaire is awarded the concession after the completion of an ATEM tender procedure (i.e. "*prorogatio*" regime); and

- natural gas distribution concessions in Italy in 281 municipalities – relating to 635,413 million redelivery points – the contracts for which have not yet expired.

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

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

Concessions' development and operation

Despite the regulatory changes in 2017 aimed at simplifying the process, the competitive bidding market for gas distribution service concessions saw, during 2019 and 2020, only 2 ATEM tenders (*i.e.*, Turin 1 – City of Turin in the first half of 2019 and Naples 1 – City of Naples and Coastal System in the second half of 2019), a significant reduction compared to what was envisaged by applicable law.

In addition, the following ATEM tenders were set out on the ARERA dashboard (*i.e.*, the instrument which sets out the information regarding the outcomes of the analysis of tender documentation sent by the contracting authorities as set out in article 9, para. 2 of Ministerial Decree No. 226 of 12 November 2011):

- two tenders were completed with final assignment: Milan 1 – City of Milan (though sub judice – for further information see "*ATEM tender Milan 1 – City and Plant of Milan*" belowe) and Turin 2 – Plant of Turin;

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[5] As natural gas distribution services constitute "public services" for the purposes of the Letta Decree (as defined in "*Regulatory and Legislative Framework*" below), if a concession expires before a new one is awarded by means of a public tender procedure, the relevant concessionaire (such as 2iRG or the company of the Group acting as concessionaire) will continue to provide (and be remunerated for) the service under the terms of the expired concession until a new concession has been awarded (the so-called "*prorogation*" regime).

- two tender provisionally awarded: Belluno and Valle d'Aosta;
- three previously called tenders for which the evaluation of the offers presented was still ongoing by the tender commission: Napoli 1, Torino 1 and Udine 2;
- eight tenders for which ARERA has temporarily deferred the analysis of the tender with a request for additional documentation: Florence 1-Florence 2, Genoa 1, Lucca, Massa Carrara, Verona 2, Vicenza 3, Prato and Rimini;
- six tenders for which ARERA has completed the analysis of the tender documentation sent by the contracting authorities and, thus, the related announcements could be published: Roma 1, Venezia 1, Forlì & Cesena, Modena 1, La Spezia and Trieste.

Furthermore, in 2019 and 2020 the following "non-ATEM" tenders were called:

- on 12 March 2019, the concession of the final and executive design, works management and safety coordination for the realisation of reclamation work and concession of the distribution plant in the municipality of Cellole (CE);
- on 6 May 2019, the concession of the natural gas distribution service in the municipality of Castel San Giorgio (SA);
- on 6 May 2019, the concession of the natural gas distribution service in the municipality of Villa Santa Maria (CH),
- on 21 May 2019, the concession of the natural gas distribution public service in the municipalities of Ortezzano (FM), Montelparo (FM), Monte Vidon Combatte (FM), Monte Rinaldo (FM) and Montalto delle Marche (AP);
- on 31 July 2019, the concession of the natural gas distribution service in the Municipality of Cisliano (Milan); with reference to this non-ATEM xtender, with judgment no. 1009/2020 the Milan Regional Administrative Court, upon appeal from 2iRG, ruled that the tender launched by the Municipality of Cisliano for the temporary assignment of the gas distribution service in the Municipality was illegal. On 6 October 2020, the Municipality of Cisliano appealed against the mentioned decision, with 2iRG also giving notice of its cross appeal; and
- on 22 January 2020, the concession of the natural gas distribution service in the municipality of San Giuliano di Puglia (CB).

ATEM tender Udine 2

On 30 September 2019, 2iRG submitted a bid as part of the ATEM Udine 2 tender. On 23 December 2019, the first public session was held, during which the contracting authority verified that both bidders, i.e. 2iRG and AcegasApsAmga S.p.A., had provided appropriate administrative documentation and both were admitted to the next phase. A Tender Committee is expected to be appointed and the ensuing public meeting for the opening of the technical bids is expected to be held.

ATEM tender Milan 1 – City and Plant of Milan

On 16 January 2017, 2i Rete Gas S.r.l., a company subject to direction and coordination of the Issuer, made a bid in the ATEM tender Milan 1 – City and Plant of Milan (nearly 839,000 end users, approximately 1.3 billion euro contract value for the operation of the Metropolitan City of Milan and other 6 neighbouring Municipalities). The contracting authority assessed the industrial plans submitted by 2i Rete Gas S.r.l. and the other company taking part in the tender, Unareti S.p.A. (a company belonging to the A2A S.p.A. group), which were both accepted to the tender procedure following the examination of administrative documents. On 7 March

2018, the Chairman of the Tender Committee communicated the final score as the sum of the score for the technical offer and that for the financial offer attributed to the two bidders, indicating an advantage of around 5 points for Unareti. Since both offers were above the threshold score identified by the law, at the end of the Committee's session, the Chairman communicated the start of the assessment of the offers. On 3 September 2018, the concession was finally awarded to Unareti S.p.A.. Afterwards, 2i Rete Gas S.r.l. notified its appeal against the tender documents and the final award, as well as against the refusal of the contracting authority for full access to the tender documents. After the Regional Administrative Court of Lombardy, with sentence no. 300 of 13 February 2019, had initially accepted 2i Rete Gas S.r.l.'s appeal, granting it the possibility to see the successful bidder's offer in full, the Council of State, with sentence no. 3936 of 12 June 2019, accepted Unareti S.p.A.'s cross-appeal, thus rejecting 2i Rete Gas S.r.l.'s request for full access to the tender documents. The Regional Administrative Court of Milan, by Decision No. 2598 issued on 5 December 2019, partly upholding the appeals filed by both bidders excluded both Unareti S.p.A and 2i Rete Gas S.r.l., ordered that the tender be rescheduled. 2i Rete Gas S.r.l. and the Municipality of Milan as well as Unareti S.p.A. filed an appeal with the Council of State against the aforesaid decision. As a result of the appeals, the discussion of which was brought together, the Council of State with three absolutely identical decisions (1455 - 1615 and 1827/2020) completely reformed the decision of the Regional Administrative Court of Lombardy of Milan, deeming the tender carried out by the Municipality of Milan legitimate and confirming both the award to Unareti S.p.A. of the natural gas distribution concession as well as the second place in the ranking of 2iRG, with compensation of legal costs between the parties. 2iRG is conducting in-depth study with its consultants in order to evaluate the possible appeal of the Council of State decision.

ATEM tender Belluno

On 1 September 2017, 2iRG made a bid in the ATEM tender Belluno (nearly 48,000 end users, approximately €90 million contract value for the operation of the Municipality of Belluno and other 63 neighbouring Municipalities). Erogasmet S.p.A. filed an appeal against the tender. The Regional Administrative Court (*Tribunale Amministrativo Regionale*) in Venice suspended the challenged documentation at first but, with ruling no. 78 of 24 January 2018, rejected the appeal on the grounds that the contracting authority had acted in compliance with regulations. The Council of State, with ruling no. 570 of 22 January 2019, confirmed the ruling of the Regional Administrative Court of Venice, rejecting Erogasmet's appeal. In May 2019 proceedings got underway as the Tender Committee started to assess the four bids submitted (in addition to 2iRG, bids were also submitted by Italgas Reti S.p.A., Ascopiave S.p.A. and Erogasmet S.p.A.). The assessment proceedings ended on 4 December 2019 with a final public session, during which the final ranking was drawn up, with Italgas Reti S.p.A. being the successful bidder, while AP Reti Gas S.p.A. ranked second, 2iRG ranked third and Erogasmet S.p.A. finished last. The assignement of the concession has been granted but the relevant contract has not been entered into as several appeals have been notified both from competitors (not by 2i Rete Gas) both from the Municipalities against the decision of the Tender Committee.

ATEM tender Naples 1

On 26 June 2020 the Issuer made a bid in the ATEM tender Naples 1 (nearly 374,000 end users, approximately €652 thousand contract value for the operation of the City of Naples and other 5 neighbouring Municipalities).The Issuer had also challenged the call for tender launched by for the ATEM Napoli 1. 2iRG in particular filed to the Naples Regional Administrative Court an appeal against the introduction of criterion C.4.b), relating to the "Energy efficiency projects program" which involves the attribution of decisive five points to the technical offer. In fact, the Issuer asserted that the introduction of this criterion, not envisaged in Decree 226/2011, is illegitimate as it required the preparation of an energy efficiency project relating to activities that goes beyond the corporate purpose of the gas distribution companies. Finally, it represented an indefinite and generic criterion because the requirements and skills that the company drafting the efficiency project should possess were not clarified.

With decision No. 3437 of 2020, the Naples Regional Administrative Court rejected the complaints against the call for tender and criterion C.4.b) on the merits, considering it compatible with gas tenders. The Issuer intends to appeal against this decision.

At the date of this Base Prospectus, the tender is underway and two operators have submitted an offer, 2iRG and Italgas Reti S.p.A. (the actual gas distributor for the 100% end users into the ATEM).

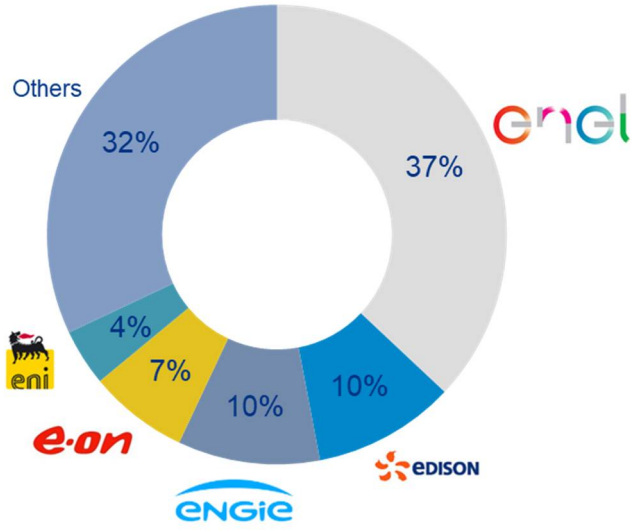
Non-ATEM tender by the Municipality of San Nicola in Baronia

With respect to the procedure launched for non-ATEM tenders, 2iRG submitted an offer in the tender called by the Municipality of San Nicola in Baronia (in the province of Avellino) as the leading Municipality also on behalf of the Municipalities of Carife, Castel Baronia, San Sossio Baronia, Campitella, Trevico, Vallata and Vallesaccarda (network construction to be completed for a total of 2,100 prospects). The tender was awarded to 2iRG on 24 November 2017. The outgoing operator, SI.DI.GAS S.p.A., challenged the tender rules and filed an appeal to suspend the award in favour of 2iRG. At the hearing held on 10 January 2018, the claimant company SI.DI.GAS S.p.A. asked the discussion of the request for suspension to be combined with the discussion on the dispute at the public hearing scheduled for 7 February 2018. On 7 February 2018 the Regional Administrative Court (*Tribunale Amministrativo Regionale*) in Salerno rejected the claim of SI.DI.GAS S.p.A. and immediately after the claimant filed an appeal against such judgment before the Italian Council of State. With ruling no. 3217 of 29 May 2018, the Council of State upheld the appeal made by SI.DI.GAS SPA against the aforementioned ruling of the Regional Administrative Court, recognising the jurisdiction and referring back to the Court of Salerno the decision on the merits of the appeal. The Regional Administrative Court of Salerno, with its sentence no. 603 of 15 April 2019, accepted the appeal of S.I.DI.GAS S.p.A., thus annulling the tender. Such decision was appealed from the Municipality of San Nicola in Baronia and from 2iRG to the Council of State, without requesting suspension of the effectiveness of the sentence itself. With judgement no. 3873 of 16 June 2020, the Council of State rejected the appeal confirming the cancellation of the award in favor of 2iRG, which, due to the termination of the contract, is at least entitled to seek compensation for all damages.

Relations with Traders and Customer Care

Major customers

In 2019, the 2iRG Group continued in the management of the gas distribution business in undertaking normal commercial relations with its customers (gas sales companies or traders).



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

Commercial quality

The performance level in terms of commercial quality is measured by two types of quality standards: "general levels" and "specific levels" of quality, for which the provisions of ARERA (resolution 574/2013/R/gas and s.a.a., replaced from 1 January 2020 by Resolution 569/2019/R/gas for the new regulatory period of security and continuity of service 2020-2025) establishes the reference points.

The "general quality levels" are quality levels referred to the totality of a particular type of services and are measured as a percentage of the services carried out in compliance with the established level with respect to the total performance of that type and are compared to a pre-established percentage of reference.

The "specific quality levels" are instead quality levels referred to the individual service of other types, to be guaranteed to the requesting customer, against whom, in case of non-compliance, the regulation of automatic compensation applies.

The overall level of commercial quality can be measured by means of a general company index showing the percentage of services not carried out within the standard time frames set by ARERA, pursuant to the provisions of Resolution No. 574/2013 and with reference to connections, reconnections, disconnections, quotations, and the execution of both simple and complex work.

The overall quality index of the Issuer, pursuant to the provisions of Resolution No. 574/2013, was 0.31% and in line with the previous year, and is 0.06% for the specific levels (in line with the previous year) and 0.31% for the general levels (0.67% in the previous year, when it was affected by the acquisition of Nedgia).

Requirements of the Integrated Information System

In 2019, relations with traders regulatory developments continued to expand and the information and data in the Official Central Register ("**RCU**") was updated and made available to the Integrated Information System ("**SII**"). More specifically, during the second half of 2019, the Group focused its efforts on identifying and correcting possible record mismatches between its database and the RCU with the aim of minimising the number of mismatches and thus enabling the activation of services of last resort, consistent with the Default Transport regulations pursuant to ARERA Resolution No. 155/2019/R/gas.

The legislative aim being pursued was to provide the SII with a complete and accurate database to ensure the appropriate management of all commercial processes, with special reference to network access by selling companies, metering, settlement and social bonus, based on the principle of shared responsibilities between the Integrated Information System and the distribution company.

Furthermore, in the first half of 2019, in compliance with the provisions set forth in ARERA Resolution No. 488/2018/R/gas, the processes and related information flows relating to the delivery of all measurements, with the exception of technical readings, applicable to the SII through the "Next Cloud" platform were upgraded. The experimental phase ended on 1 May 2019, thereby causing the obligation to provide measurement data directly to the selling companies to be no longer applicable as of that date.

Furthermore, the "transitory" process was defined for the supply, by the distribution companies, of the data used to calculate the so-called "annual consumption" by redelivery point, valid for the thermal year 2019-2020.

Moreover, the process for implementing Resolution No. 593/2017/R/com on IT systems was completed. This Resolution introduced the indemnification system in the natural gas sector, including the management of the eligibility process for seeking the suspension of the indemnity and the related communication flows with the

SII in force as of 1 July 2019, as well as the acknowledgement and payment of indemnities to the selling companies.

Finally, analyses and developments are underway as envisaged by ARERA Resolution 271/2019/R/gas of 25 June 2019, subsequently supplemented by Resolution ARERA 493/2019/R/gas of 26 November 2019, which introduces provisions relating to the making available of technical and other data of redelivery points to the SII and the metering data and change to the communication standards with reference to the gas sector. In particular, the Resolution required that, as of 1 June 2020, all types of readings, including self-reported and technical readings, as well as technical flows relating to meter changes, be fed into the SII via the "Next Cloud" platform. Following the request by sector operators (through their representative associations) to postpone the above mentioned date, due to the COVID-19 outbreak and the related health emergency situation that involved a reorganisation of the work activities of companies, with necessarily reduced and remote operability and the management of the correspondant risk and other repercussions in the event of anomalies in the new applications, the ARERA, by Resolution 185/2020/R/gas of 26 May 2020, postponed the entry into force of the new information flows to 1 January 2021.

Among other processes that more recently have been transferred to the SII, there is also the Settlement process (i.e regulation of volumes and economic items of the natural gas balancing service under the responsibility of the main transport company and also carried out on the basis of data provided by distribution companies). According to Resolution ARERA 72/2018/R/gas (subsequently supplemented by Resolutions ARERA 148/2019/R/gas and 222/2020/R/gas), starting from 1 January 2020 the Settlement process' management has been transferred, from its previously setting based on the distribution companies' activities, to a centralised management based on the SII's activities. During the first months of 2020, the Settlement new centralised setting revealed some shortcomings in the operating practice. Aiming at overcoming those shortcomings, working groups including representatives from the gas distribution sector, the gas supply sector, from the SII and the ARERA have been organised by Acquirente Unico (the public company which manages the SII) and are working on several specific operational issues in order to stabilise the new centralised process.

Service continuity and safety

The Group carried out checks on the data concerning service continuity and safety processes as set out in ARERA Resolution 574/2013/R/gas (replaced from 1 January 2020 by Resolution 569/2019/R/gas for the new regulatory period of security and continuity of service 2020-2025).

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

In 2019, the Group's planned inspection on the distribution network covered over 80% of the high and medium pressure piping and over 65% of the low pressure piping.

With regard to checks on the level of odorisation of the gas distributed, which were carried out in the field in order to provide a complete check on the real level of odorisation of such gas, the Group carried out approximately 18,000 gas chromatography tests, well above the minimum value required by ARERA (around 3,500 tests).

Smart meters

The installation of smart meters and the infrastructure for collecting consumption reading data is one of the most important projects of the Group, both from the point of view of innovative and technological content, and with reference to the terms of investment. The installation and use of new generation smart meters ensures

greater accuracy and promptness in metering and prompt recording of actual consumption, while improving the effectiveness of corporate processes.

At the end of 2019 approximately 3.4 million smart meters were installed, equal to about 76% of the Group's total meters, in line with the annual target.

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

In addition to the installation of meters with point-to-point technology (transmission data via SIM of the telephone network mobile), implementation continued of the dedicated infrastructure and management for transmission data through concentrators, which allow to collect the information coming from electronic meters with point-to-multipoint technology (Mhz 169). The total number of concentrators installed at 31 December 2019 was equal to 3,799.

Water sector

In 2019, 2iRG transferred the drinking water distribution service in the municipality of Carate Urio (CO) to Como Acqua S.r.l. (the operator of the integrated water service in the lariana province).

On 20 July 2020, 2iRG entered into a preliminary agreement for the transfer to SOGEA S.r.l. of the water distribution services in three municipalities located in Sicily (Ventimiglia di Sicilia, Baucina and Ciminna, in the province of Palermo), which completion is envisaged by the 31 December 2021.

The last two water distribution contracts still managed by the 2iRG Group (Riva Ligure and Santo Stefano al Mare, in Liguria Region), serving a total of approximately 6,000 users, have expired and three negotiations are ongoing for their transfer by the Group to the local "*gestore del servizio idrico integrato*" (the manager of the integrated water service).

As at the date of this Base Prospectus, water distribution activities represent only a negligible amount of the 2iRG Group revenues.

Financial highlights of the Group

Key financial and operating data

The tables below show key financial and operating data for the Group as at, and for, the years ended 31 December 2019 and 2018.

	As at and for the year ended 31 December	
(€ millions, save as otherwise specified)	**2018**	**2019**
EBITDA[(1)]	461.2	531.1
EBITDA without IFRC 12 [(1)]	461.2	528.0
Adjusted EBITDA Margin[(1)]	68.4%	71.6%
Net Income	155.4	206.5
Cash flow from operating activities	500.7	395.2
Net fixed assets[(1)]	3,474.3	3,560.8

Net working capital[(1)]	39.4	67.2
Gross invested capital[(1)]	3,513.7	3,628.0
Net invested capital[(1)]	3,440.5	3,609.5
Capex [(1)]	288	306
Adjusted Net financial position[(1)]	(2,654.4)	(2,689.6)
ESMA Net financial position [(1)]	(2,655.1)	(2,690.3)
Active Concessions (actual number)	2,150	2,132
Active redelivery points (actual number)	4,395,955	4,342,719
Distributed gas (natural gas and LPG) (millions of cubic metres)	6,040	5,975
Managed networks (kilometres)	66,263	66,052

[(1)]For further information on the criteria used to construct the EBITDA, EBITDA without IFRIC 12, Adjusted EBITDA Margin, Net fixed assets, Net working capital, Gross invested capital, Net invested capital, Capex, ESMA Net financial position and the Adjusted Net Financial position, see the paragraph "*Alternative Performance Measures*", above.

MARKET POSITION

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

In recent years, the market has experienced a trend of consolidation that reduced the number of distributors (from 780 in 2000 to 199 in 2019, with further consolidation expected in the future. Of the 199 distributors, 26 "very large" (with in excess of 500,000 redelivery points) and "large" market participants (with in excess of 100,000 redelivery points) control more than 83 per cent. of the market in terms of volumes distributed, with the two largest market participants (2iRG and Italgas S.p.A. ("**Italgas**")) controlling, directly or indirectly, approximately 46 per cent. of the market, with Hera S.p.A. (9.5 per cent.) and A2A S.p.A. (7.7 per cent.) as third and fourth market participant. In addition, some of the major European utility companies (GDF Suez, E.ON, whose gas distribution network was acquired by 2iRG) have exited this market, while Edison S.p.A. has a small presence with a 1 per cent. market share.

As a result of the foregoing, as at 31 December 2019, the 2iRG Group is the second largest operator in the distribution of natural gas in Italy, after Italgas, with a market share of approximately 17.1 per cent. in terms of redelivery points in Italy[6].

[6] *Source*: Issuer's calculations based on ARERA 2020 Report (as defined above).

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

EMPLOYEES

As at 31 December 2019, the Group had 2,057 employees. The tables below show the number of personnel employed as at 31 December 2019 and 31 December 2018, broken down according to their roles:

Personnel in service in 2iRG Group by position (number)	**2019**	**2018**	**Net Change**
Executives	33	35	-2
Middle Managers	112	122	-10
Office Employees	1257	1253	+4
Workers	655	704	-49
Total	2057	2114	-57

In 2019, the Italian national collective bargaining agreement for the Gas and Water sector (which expired in January 2019) was renewed. The Group participated in the negotiations on the new agreement.

The main innovations introduced by the renewal of the Italian national collective bargaining agreement for the Gas and Water sector concerned the regulatory and economic aspects; from the regulatory point of view, industrial relations have been strengthened also through closer collaboration between the employers and its personnel on relevant issues such as health, environment and safety, and training by strengthening the participation of workers and raising awareness on the most current issues for the sector. In addition, the establishment of a Bilateral Sector Body was envisaged to be understood as a privileged observatory for the in-depth study of issues such as the process of digitalization of working activities as well as energy scenarios according to the evolution of national legislation.

From the economic point of view, the overall remuneration was updated, through various tools, in particular, the minimum tables, productivity and welfare. In the economic update, an innovative mechanism was used to align the salary to the inflation expected in the three-year period but also to verify the final balance of the inflation differences recorded compared to the last expiry of the contract.

In addition, the Group also signed the company-level agreements concerning the 2019, 2020 and 2021 performance bonuses, implementing the regulatory changes in welfare and tax benefits. The foundations were laid to define a new protocol on workplace relations.

FINANCING

The existing financing structure of 2iRG is made up of a mix of debt capital market and banking facilities, including, *inter alia*, the proceeds of the bonds issued by the Former 2iRG in 2014 and by 2iRG in 2017 and 2018 in the context of the Programme, two facilities granted by the European Investment Bank (**"EIB"**) on 18 December 2015 and a banking revolving facility granted on 5 of August 2015.

Series of notes issued by the Former 2iRG in 2014 under the €3,000,000,000 EMTN Programme

As at the date of this Base Prospectus, the Issuer is the principal debtor under the Series 2, €600,000,000, fixed rate 3.00%, due 16 July 2024, which were issued by the Former 2iRG in 2014 pursuant to its €3,000,000,000 EMTN Programme.

Series of notes issued by 2iRG in 2017 and 2018 under the Programme

As at the date of this Base Prospectus, the Issuer is the principal debtor under the following three series of non-convertible notes, which were issued by 2iRG in 2017 and 2018, as the case may be, under the Programme:

- Series 4, €435,000,000, fixed rate 1.75%, due 28 August 2026 (the "**2026 Notes**");
- Series 5, €730,000,000, fixed rate 1.608%, due 31 October 2027 (the "**2027 Notes**"); and
- Series 6, €500,000,000, fixed rate 2.195%, due 11 September 2025 (the "**2025 Notes**").

The EIB Facilities

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

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

As at the date of this Base Prospectus, the EIB Facilities have been fully disbursed. The 2015 EIB Facility has been partially reimbursed, for an amount equal to €9.1 million; while the 2016 EIB Facility is outstanding for the entire amount.

The loan agreement with Medibanca

On 4 August 2020, the Issuer entered a loan agreement for the amount of €100 million with Mediobanca - Banca di Credito Finanziario S.p.A. as lender. The credit line, for general corporate purposes, has a term of 3 years and a fixed interest rate. The financing is planned to be used to to expand and replace the gas distribution networks in the areas under concession throughout the national territory.

Other financial transactions

As at the date of this Base Prospectus, 2iRG has uncommitted lines for an amount of €200 million, as granted pursuant to the revolving credit facility entered on 29 March 2019 with Unicredit S.p.A., BNP Paribas and BNL S.p.A., with a 7 year tenor and a floating interest rate. Furthermore, the Issuer has entered into pre-hedging transaction for up to €500 million of notional amount.

LEGAL PROCEEDINGS

As part of the ordinary course of business, companies within the 2iRG Group are or may be subject to a number of administrative, civil, labor, tax and criminal legal proceedings. 2iRG has conducted a review of its ongoing litigation and has made provisions in its consolidated financial statements where disputes were likely or possible to result in a negative outcome and a reasonable estimate of the loss could be made, in accordance with applicable accounting principles.

In other cases, where the dispute could be resolved in a satisfactory manner and without significant impact, no specific provisions were made in the consolidated financial statements.

For further information on legal proceedings involving the companies belonging to the Group, in addition to those described below, see (a) the notes to the consolidated financial statements of the Issuer for the six months ending 30 June 2020 and, in particular, Note 29 (*Provisions for risks and charges*); and (b) "*Regulatory and Legislative Framework*", below. The consolidated financial statements of the Issuer for the six months ending 30 June 2020 are incorporated by reference into this Base Prospectus (see "*Documents Incorporated by Reference*"). The most relevant claims and proceedings are summarised below, together with an indication of the total amount claimed, if known and if applicable.

Litigation in connection with concessions

The Issuer is discussing with certain municipalities the interpretation of the provisions of the relevant concession agreements relating to the concession fees due by the Issuer to such municipalities and in particular relating to the items of its revenues which have to be taken into account for its calculation.

A specific provision has been set aside in 2iRG financial statements for these items.

Criminal Investigation in Frassinelle Polesine (RO)

The Public Prosecutor of the Court of Rovigo has opened an investigation against a former employee of 2iRG in relation to a fatal accident occurred on 12 March 2015 during maintenance operations of a reduction unit (Cabina RE.MI.) owned by the Issuer in the municipality of Frassinelle Polesine (RO). The investigation stems from the death of a third party (subcontractor) worker, during maintenance operations, due to the collapse of the roof of a reduction unit. The Issuer is cooperating with the public authorities and is verifying and implementing additional security measures on operations regarding reductions units' roof, and at the date of this Base Prospectus neither the Issuer nor any board member has been notified with any investigation notice under Decree 231/2001.

In the first half of 2017 the investigation was extended to another employee of 2iRG. In the meanwhile, the insurance company of 2iRG has reached an agreement with the family of the worker involved in the fatal accident for restoration of civil damages.

On 19 September 2018 the Court of Rovigo, by accepting the request of the Public Prosecutor, referred the case to trial. As at the date of this Base Prospectus, the investigation phase is on going with examination of witnesses and technical consultancies. The next hearing is scheduled for 13 January 2021.

COVID-19 EMERGENCY

Following the outbreak of the COVID-19 pandemic, 2iRG has put in place several measures to safeguard the activities of its employees, contractors and users while maintaining its capacity and operating efficiency in the interest of its stakeholders. Such measures implemented allowed the Issuer to mitigate negative effects of the pandemic to its financial results.

In particular, the Issuer has established a specific COVID-19 Crisis Committee with the task of constantly monitoring the COVID-19 situation and defining measures accordingly. Furthermore, on the basis of the advice of the COVID-19 Crisis Committee and taking into account any measures adopted by the competent authorities, 2iRG has adopted and constantly updated specific protocols concerning health, safety and organisational measures, and implemented internal in-depth staff training in order to promptly inform and protect its personnel.

Furthermore, thanks to the measures implemented by the competent authorities (including, *inter alia*¸ ARERA's resolutions 116/2020, 149/2020 and 192/2020 which granted sales companies the right to withhold up to 20% of the turnover expired in April and May and 10% of the turnover expired in June), the 2iRG Group has not experienced significant defaults by its counterparties which have continued to make regular payments during the emergency.

SHAREHOLDERS

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

Shareholders	Ownership Interest
F2i SGR S.p.A., as management company of F2i - Terzo Fondo Italiano per le Infrastrutture	63.9 per cent.
F2i SGR S.p.A., as management company of F2i - Secondo Fondo Italiano per le Infrastrutture	8.11 per cent.
Finavias S.A.R.L. (owned by APG and ARDIAN)	27.93 per cent.
Minority shareholders	0.06 per cent.
Total	**100.00 per cent.**

CORPORATE GOVERNANCE

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

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

Board of Directors

Pursuant to its by-laws, the management of 2iRG is entrusted to a collective body made up of nine members appointed by the shareholders' meeting (collectively the "**Board of Directors**", each a "**Director**").

Directors are appointed by the shareholders according to a voting list system[7] for a term determined at the relevant shareholders' meeting that cannot exceed three financial years. Directors may be reappointed following the expiry of their term.

The board of directors has responsibility for the management of the Issuer and is vested with full powers for management and, in particular, may take all actions it deems necessary for the implementation and achievement of any corporate purpose, excluding only powers that the law or the By-laws reserve to the shareholders' meeting. In addition, 2iRG's by-laws vest the Board of Directors with the power to, *inter alia*, resolve upon the following matters: (a) the opening and closure of secondary offices; (b) the approval of mergers by way of incorporation of fully owned and 90 per cent. owned companies pursuant to, respectively, Articles 2505 and 2505 *bis* of the Italian Civil Code; (c) the granting of powers to represent the Issuer; (d) the reduction of capital in the event of withdrawal by shareholders; (e) the amendments to the By-laws to comply with mandatory provisions of law; (f) the power to issue notes; and (g) the transfer of the registered office within the national territory.

Current members of the Board of Directors

[7] According to the Issuer's by-laws, a resolution of the shareholders' meeting approved by shareholders representing 95 per cent. of the share capital of 2iRG may provide that the Directors are appointed without submitting any list.

2iRG's current Board of Directors is made up of 9 Directors.

The shareholders' meetings held on 23 April 2018 resolved to set the number of directors at 9 and their term of office at three financial years (with the current term due to expire on the date of the shareholders' meeting called to approve the financial statements of the Issuer as at and for the financial year ending 31 December 2020).

On 23 April 2018, the Board of Directors resolved to appoint Mr. Michele Enrico De Censi as Chief Executive Officer with power to carry out the ordinary and extraordinary management of the Issuer.

The table below sets out the name, office held, date of birth and principal activities outside the Issuer for each of the current members of the 2iRG's Board of Directors.

Name	**Office**	**Date of birth**	**Principal activities outside the Issuer**
Mrs. Paola Muratorio	Chairman	25 December 1949	Member of the board of directors of Fincantieri S.p.A. Practises as Architect
Mr. Carlo Michelini	Vice-Chairman	23 February 1968	Senior Partner, General Manager and CIO of F2i SGR S.p.A.
Mr. Michele Enrico De Censi	Director Chief Executive Officer and General Manager	23 June 1966	
Mr. Matteo Ambroggio	Director Member Executive Committee	14 July 1972	Partner of F2i SGR S.p.A.
Mrs. Rita Ciccone	Director	6 June 1960	Senior Partner of F2i SGR S.p.A.
Mrs. Rosaria Calabrese	Director	7 May 1978	Partner of F2i SGR S.p.A.
Mr. Stefano Gatti	Director	14 October 1967	Associate Professor of the Department of Finance of Bocconi University
Mrs. Marion Calcine	Director	4 March 1984	Chief Investment Officer – Ardian Infrastructure Paris
Mr. Carlo Maddalena	Director	11April 1987	Portfolio Manager - Infrastructure of APG Asset Management

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

Executive Tenders Committee

On 23 April 2018, the Board of Directors established an executive tenders committee (the "**Executive Tenders Committee**"), with executive power on approval of the participation by 2iRG to tenders for gas distribution concessions with a value (to be calculated with reference to the investment amount due and the investment rate return) that exceeds the powers delegated to the Chief Executive Officer, but does not trigger the major thresholds under which major tenders are subject to the exclusive approval of the Board of Directors.

The Executive Tenders Committee is made up of 4 members of the Board of Directors currently being Mr. Michele Enrico De Censi, as Chairman, Mr. Carlo Michelini, Mr. Matteo Ambroggio, Mrs. Marion Calcine.

Conflicts of Interest

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

Board of Statutory Auditors

Pursuant to 2iRG's by-laws, the board of statutory auditors is composed of three auditors and two alternate auditors, each of which must meet the requirements provided for by applicable law and the By-laws (collectively the "**Board of Statutory Auditors**"). The alternate auditors will replace any statutory auditor who resigns, or is otherwise unable to continue to serve as an auditor. The members of the Board of Statutory Auditors are appointed and their compensation is determined in a meeting of the shareholders. Auditors may be re-elected at the end of their term of office.

Under Italian law, the role of the board of statutory auditors is to oversee compliance with the law and with the By-laws, ensure the principles of correct administration are observed, monitor the adequacy of 2iRG's organisational structure for matters within the scope of its authority, the adequacy of its internal control system and of its administrative and accounting system and the reliability of the administrative and accounting system in correctly representing 2iRG's transactions.

Current members of the Board of Statutory Auditors

Pursuant to the Issuer's by-laws, the Board of Statutory Auditors consists of three statutory auditors and two alternate statutory auditors.

The table below sets out the names of the current members of the Board of Statutory auditors along with their office held, date of birth and principal activities outside the Issuer. The current Board of Statutory Auditors was appointed by the ordinary shareholders' meeting held on 23 April 2018 for three financial years period and its mandate is due to expire on the date of the shareholders' meeting called to approve the financial statements of the Issuer as at and for the financial year ending 31 December 2020.

Name	Office	Date of birth	Principal activities outside the Issuer
Mr. Marco Antonio Modesto Dell'Acqua	Chairman	29 May 1966	Chairman of the Board of Director of Fondazione Pro Valtellina Onlus Member of the Board of Director of Professionisti Associati S.r.l. Chairman of the supervisory board of A2A Smart City S.p.A. Statutory Auditor of Autostrade Lombarde S.p.A. Statutory Auditor of Cassa di Risparmio del Friuli Venezia Giulia S.p.A.

			Statutory Auditor of Cassa di Risparmio di Pistoia e della Lucchesia S.p.A. Statutory Auditor of Fideuram S.p.A. Statutory Auditor of Futura Invest S.p.A. Statutory Auditor of Intesa San Paolo Casa S.p.A. Statutory Auditor of Intesa San Paolo Private Banking S.p.A. Statutory Auditor of Legnotech S.p.A. Statutory Auditor of Livigno Funivie S.p.A. Shareholder of Professionisti Associati S.r.l. – Sondrio / Lotto 27 S.r.l. – Delebio (SO)
Mr. Andrea Cioccarelli*	Alternate Statutory Auditor	29 April 1964	Shareholder of Cieffe Gestioni società semplice Sole Director of Cioccarelli & Associati S.r.l. Member of the Board of Director of Didacom S.r.l. President of Professionisti Associati S.r.l. Chairman of the Board of Director of Valore e Sviluppo Immobiliare – Sezione II S.r.l. Statutory Auditor of BNP Paribas Real Estate Advisory Italy S.p.A. Statutory Auditor of BNP Paribas Real Estate Investment Management Italy Società di Gestione del Risparmio S.p.A. Statutory Auditor of BNP Paribas Real Estate Property Development Italy S.p.A. Statutory Auditor of BNP Paribas Real Estate Property Investment Management Italy S.r.l. Statutory Auditor of Centro Laminati S.r.l. Chairman of the supervisory board of COAM Industrie Alimentari S.p.A. Statutory Auditor of CA S.r.l. Statutory Auditor of Europlan S.p.A. Statutory Auditor of F2I ER 1 S.p.A. Statutory Auditor of F2I ER 2 S.p.A. Chairman of the supervisory board of Famiglia Cooperativa di Consumo ed Agricola Soc. Coop. Chairman of the supervisory board of Finanziaria Attività turistica S.p.A.

			Chairman of the supervisory board of Lindosan S.p.A.
			Statutory Auditor of Metroweb Genova S.p.A.
			Chairman of the supervisory board of Nuova Siat S.p.A.
			Statutory Auditor of Picchi S.r.l.
			Statutory Auditor of Piomboleghe S.r.l.
			Chairman of the supervisory board of Plastik Textile S.p.A.
			Statutory Auditor of SSTA S.r.l.
			Statutory Auditor of STPS S.p.A.
			Statutory Auditor of S.E.A. S.p.A.
			Statutory Auditor of SRMB S.p.A.
			Statutory Auditor of Sviluppo Residenziale Italia S.r.l.
			Chairman of the supervisory board of Valfin S.p.A.
			Shareholder Cioccarelli & Associati S.r.l. – Milan / Professionisti Associati S.r.l. – Sondrio / Didacom S.r.l. – Mantova
Mr. Marco Giuliani	Statutory Auditor	18 June 1959	Sole director of MAEPA S.r.l.
			Member of the Board of Director of Terrabite Società Agricola a r.l.
			Common representative bondholders of VIS S.p.A.
			Liquidator of ABM Finance S.p.A. in Liquidazione
			Liquidator of Olcese Immobiliare S.r.l.
			Statutory Auditor of Hotel Splendido soc. a r.l.
			Statutory Auditor of Alten Italia S.p.A.
			Chairman of the supervisory board of Axopower S.p.A.
			Statutory Auditor of Banca Esperia S.p.A.
			Statutory Auditor of Banca Mediolanum S.p.A.
			Statutory Auditor of Belmond Investimenti S.r.l.
			Chairman of the supervisory board of Belmond Italia S.r.l.
			Statutory Auditor of BG Italia Power S.p.A.
			Statutory Auditor of Cairo Communication S.p.A.
			Statutory Auditor of Colori di Tollens Bravo S.r.l.
			Statutory Auditor of Eridis S.r.l.
			Statutory Auditor of Esmach S.p.A.

			Chairman of the supervisory board of Esperia Trust Company S.r.l.
			Statutory Auditor of F2I Energie Rinnovabili S.r.l.
			Statutory Auditor of F2I ER 1 S.p.A.
			Statutory Auditor of F2I ER 2 S.p.A.
			Statutory Auditor of F2I Reti Logiche S.r.l.
			Statutory Auditor of Fineurop Soditic S.p.A.
			Statutory Auditor of HFV S.p.A.
			Chairman of the supervisory board of Huntsman Advanced Materials (Italy) S.r.l.
			Chairman of the supervisory board of Huntsman P&A Italy S.r.l.
			Chairman of the supervisory board of Huntsman Patrica S.r.l.
			Statutory Auditor of Huntsman Pigments S.p.A.
			Statutory Auditor of Kvadrat S.p.A.
			Statutory Auditor of Mediolanum Fiduciaria S.p.A.
			Statutory Auditor of Mediolanum Gestione Fondi SGR p.A.
			Statutory Auditor of Nastrofer S.p.A.
			Statutory Auditor of Positech S.r.l.
			Statutory Auditor of Rothschild S.p.A.
			Statutory Auditor of Sea Prime S.p.A.
			Statutory Auditor of SPACE2 S.p.A.
			Statutory Auditor of SPACE3 S.p.A.
			Statutory Auditor of TCM Immobiliare S.r.l.
			Statutory Auditor of Villa San Michele S.r.l.
			Statutory Auditor of Yara Italia S.p.A.
			Shareholder of TCM Immobiliare S.r.l. – Milan / Deutsche Bank S.p.A. – Milan
Mr. Panagia Giuseppe	Alternate Statutory Auditor	9 March 1968	Statutory Auditor of Axopower S.p.A.
			Statutory Auditor of Belmond Italia S.r.l.
			Statutory Auditor of BG Italia Power S.p.A.
			Statutory Auditor of CK Store Italy S.r.l.
			Statutory Auditor of Dovevivo S.p.A.
			Statutory Auditor of Energia Italiana S.p.A.

Chairman of the supervisory board of Hilfiger Stores S.r.l.

Statutory Auditor of Hotel Caruso S.r.l.

Statutory Auditor of Hotel Cipriani S.r.l.

Statutory Auditor of Huntsman Advanced Materials (Italy) S.r.l.

Statutory Auditor of Insiamo s.c. a r.l.

Statutory Auditor of Kvadrat S.p.A.

Statutory Auditor of LNG Medgas Terminal S.r.l.

Statutory Auditor of Nastrofer S.p.A.

Statutory Auditor of PVH ITALIA S.r.l.

Statutory Auditor of Satisloh Italy S.r.l.

Statutory Auditor of Sorgenia Power S.p.A.

Statutory Auditor of Sorgenia Puglia S.p.A.

Statutory Auditor of Sorgenia Trading S.p.A.

Statutory Auditor of Tirreno Power S.p.A.

* Mr Andrea Cioccarelli has replaced the previous standing auditor Mr Nicola Gaiero who recently died.

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

Conflicts of Interest

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

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

2iRG Group has also adopted a code of ethics (the "**Code of Ethics**"), which was first approved in March 2011 by the Former 2iRG and re-adopted by 2iRG on 1 January 2015 in connection with the Merger. A copy of the Code of Ethics is available on the website of the Issuer at https://www.2iretegas.it/en/chi-siamo/codice-etico/. The Code of Ethics provides a detailed description of the ethical standards and conduct that 2iRG, the other companies of the Group and their respective employees and collaborators must observe and respect during the performance of their duties.

In addition, 2iRG has also adopted an Organisation Management and Supervision Model (the "**Model**") to ensure conditions of fairness and transparency in the conduct of its business and corporate activities, according to Italian Legislative Decree No. 231/2001 ("*Disciplina della responsabilità amministrativa delle persone giuridiche, delle società e delle associazioni anche prive di personalità giuridica, a norma dell'articolo 11 della legge 29 settembre 2000, n. 300*") ("**231 Decree**"). The Model was first approved in March 2011, re-adopted by 2iRG on 1 January 2015 in connection with the Merger, and subsequently integrated and reapproved by the Board of Directors. The current version of the Model, which has been approved on 25 March 2020, is available at https://www.2iretegas.it/en/chi-siamo/modello-di-organizzazione-e-di-gestione/. The Model provides guidelines to prevent management and employees committing offences which may make the company liable pursuant to 231 Decree.

Furthermore, on 23 April 2018, 2iRG has appointed the Supervisory Body ("*Organismo di Vigilanza*") as the collective body responsible for overseeing the operation and compliance with the Model, as well as its update. The current members of the Supervisory Body are Ms Daniela Mainini, as chairman, Mr Marco Antonio Modesto Dell'Acqua and Ms Maria Cristina Fortunati.

Independent Auditors

2iRG's financial statements are audited by independent auditors appointed by the shareholders' meeting following proposals from the Board of Statutory Auditors.

The independent auditors ascertain whether the accounting records are properly maintained and record faithfully the results of operations. They also determine whether the statutory financial statements and the consolidated financial statements are consistent with the data contained in the accounting records and the results of their audits and whether they comply with the requirements of the applicable statutes. They may also perform additional reviews required by industry regulations and provide additional services that the board of directors may ask them to perform, provided they are not incompatible with their audit assignment.

On 29 April 2015, the shareholders' meeting appointed PricewaterhouseCoopers S.p.A. of Piazza Tre Torri 2, Milan, Italy ("**PwC**" or the "**Independent Auditors**") as independent auditors of 2iRG for the period 2015-2023 and the mandate will expire on the date of the shareholders' meeting convened to approve 2iRG's financial statements for the financial year ending on 31 December 2023. PWC is registered under No. 119644 in the Register of Independent Auditors (*Registro dei Revisori Legali*) maintained by the Ministry of Economy and Finance (*Ministero dell'Economia e delle Finanze*) and is a member of the Italian Association of Chartered Accountants (*Associazione Italiana Revisori Contabili* or ASSIREVI).

RECENT DEVELOPMENTS

Acquisition of Powergas Distribuzione S.p.A.

On 15 September 2020 2iRG acquired 100% of the share capital in Powergas Distribuzione S.p.A., a company operating in the gas distribution system in the municipalities of Morcone, Fragneto L'Abate, Reino, Colle Sannita, Molinara, Circello, S. Croce del Sannio, Castelpagano, S. Marco dei Cavoti, Castelvetere in Valfortore, Pesco Sannita e Pago Veiano (BN) and in the municipality of Prata di Principato Ultra (AV). The merger by incorporation of Powergas Distribuzione in 2iRG has already been approved by the two companies, in order to quicky integrate its operational activities and concessions, with completion expected on 1 January 2021.

€100 million credit line by Mediobanca- Banca di Credito Finanziario S.p.A.

On 4 August 2020, 2iRG entered into a loan agreement with Mediobanca – Banca di Credito Finanziario S.p.A. for an amount equal to €100 million, to be applied for general corporate purposes. The loan has a maturity of 3 years and bear a fixed interest rate. The financing allows 2iRG to expand and replace the gas distribution networks in the areas under concession throughout the national territory, relying on a liquidity position adequate to its current rating.

Potential acquisition of Infrastrutture Distribuzione Gas S.p.A.

On 9 September 2020, 2iRG announced that it has submitted to Edison S.p.A. an offer for the potential acquisition of the entire corporate capital of Infrastrutture Distribuzione Gas S.p.A., a company fully owned by Edison S.p.A. that manages the gas distribution networks and systems in 58 municipalities in the regions of Abruzzo, Emilia-Romagna, Lazio, Lombardy and Veneto. The transaction would be consistent with the Issuer's strategy and business plan.

The Board of Directors of 2iRG approved the Group's results as at 30 June 2020

On 21 September 2020, the Board of Directors of the Issuer approved the consolidated interim financial report of 2iRG as at and for the half-year ended 30 June 2020. For further information, see the Consolidated Interim Report incorporated by reference into this Base Prospectus.

Cilento Project

The Issuer, by the controlled subsidiary Cilento Reti Gas S.r.l., owned in partnership with Bonatti S.p.A., is involved in the construction of the natural gas distribution network in the 31 municipalities adhering to the agreement signed in 2010 in the areas of Bussento, Lambro and Mingardo, Gelbison and Cervati, Alento and Monte Stella.

In 2020, as scheduled, construction of the natural gas distribution network has been completed in the municipalities of Torraca, Morigerati, Caselle in Pittari, Casaletto Spartano, Tortorella and Ispani and the distribution service started.

Incorporation of 2i Rete Dati S.r.l.

On 10 November 2020, 2i Rete Gas S.p.A. set up a a fully owned company named 2i Rete Dati S.r.l., to which 2iRG is planning to transfer its infrastructure and business dedicated to remote data reading and management of smart meters installed at redelivery points pursuant to Resolution 155/2008 and modifications, actually scheduled for 1 January 2021.

The envisaged reorganisation of such infrastructure has, in first instance, the purpose of rationalizing and focusing activities and skills that are not strictly homogeneous to those of gas distribution, although they are certainly strategic for the management of the service, of reporting the costs of activities towards ARERA within a more consistent model with a future standard costs remuneration scheme and to formalize autonomous objectives and responsibilities for the two legal entities.

REGULATORY AND LEGISLATIVE FRAMEWORK

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

1. The First Gas Directive

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

The First Gas Directive was implemented in Italy in May 2000 through Legislative Decree no. 164/2000 (known as the "**Letta Decree**"). The Letta Decree identifies and defines the sectors making up the natural gas market (import, production, transportation, dispatching, storage, liquefied natural gas ("LNG") regasification, distribution and sales) and sets out the regulatory principles with regard to liberalisation, unbundling, network access and transparency.

The Letta Decree provides measures regarding:

- the regulation of distribution activities, as well as other activities including transportation, storage and regasification, with the guarantee of non-discriminatory access to infrastructures at regulated rates; and
- the gradual opening of the market to customers (with the definition of eligibility criteria for end-users).

The Letta Decree, in addition, establishes that distribution activities may be exercised only by operators having won bids for gas distribution concessions for periods not exceeding 12 years. According to the Letta Decree, concessions that were effective at the time which had been granted without a tender procedure should have been terminated within the year 2005 (this term was then extended to 2007 and then to 31 December 2009 – and this final term may be further extended by one year by the Municipality for public interest reasons) and those that had been awarded after a tender process would end in December 2012, in order to allow the mechanism and rules set out under the Letta Decree to apply evenly throughout the Italian territory. Besides concessions in relation to which public contributions have been granted could have been further extended according to the date of the coming into force of the Decree of Ministry of Economy and Finance (*Ministero dell'Economia e delle Finanze*) allowing the grant (this provision was then modified by Article 23 of Law Decree no. 273/2005 and by Article 57 of Law Decree No. 5/2012, as indicated below).

Licensees of distribution networks are obliged to connect any third party that so requests on the basis of criteria set by the Italian Regulatory Authority for Energy, Networks and Environment (*Autorità di regolazione per Energia, Reti e Ambiente*, the "**ARERA**", already called *Autorità per l'Energia Elettrica, il Gas ed il Sistema Idrico* - "**AEEGSI**" - till 1 January 2018, when it was renamed due also to the conferment to ARERA of the responsibilities for regulating the waste sector) and in compliance with the relevant ARERA approved codes and regulations, provided that the system ensures the necessary capacity and the relevant connection facilities are technically and economically feasible.

The Letta Decree assigns certain roles and responsibilities to the Ministry of Economic Development (*Ministero dello Sviluppo Economico*) (the "**MED**") and the ARERA.

The MED is responsible for defining strategic guidelines for the gas sector and ensuring its safety and economic development. The ARERA, an independent regulatory body, is responsible for the regulation of the national electricity and natural gas markets as well as, due to more recent allocation of competencies,

the water system, the district heating and cooling systems/networks and the waste sector. Its responsibilities include the definition of criteria for determining and updating tariffs and for governing access to infrastructure and quality of services, as well as the provision of services related to the transportation, distribution, storage and regasification of LNG.

2. The Second Gas Directive

In 2003, Directive 2003/55/EC (the "**Second Gas Directive**") – the second directive on the internal market for natural gas – was issued repealing the First Gas Directive. In Italy, Law no. 239/2004 ("*Reform of the energy sector and delegation to the Government for the reorganisation of the existing provisions relating to energy*", known as the "**Marzano Law**") implemented some of the provisions of the Second Gas Directive which provided, among other things, for the further liberalisation of the gas distribution market, confirming that the distribution of natural gas is to be allocated under a concession regime (Article 1, Paragraph 69 of the Marzano Law provided for the postponement to 31 December 2007 of the expiry date of distribution concessions awarded without a public tender which were active as of 21 June 2000).

3. The Third Energy Package – The Third Gas Directive

In July 2009, the "Third Energy Package" was approved in the European Union with a view to completing the internal energy market and providing a series of measures aimed at redefining the structure of the industry and promoting the integration of individual national energy markets.

Among other items, with specific regard to unbundling, Directive 2009/73/EC (the "**Third Gas Directive**"), comprised in the Third Energy Package, provides that Member States shall implement measures to ensure the "effective separation" of energy networks from the production and supply activities.

In particular, the Third Energy Package provides for the separation of supply and production activities from transportation network operations. To achieve this goal, Member States may opt between the following three unbundling 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;
- Independent Transmission Operator ("**ITO**"); this option is a variant of the ISO option albeit vertically integrated undertakings do not have to designate an ISO, but need to abide by strict rules ensuring separation between supply and transportation.

With respect to gas distribution networks, the Third Energy Package establishes that where the distribution system operator is part of a vertically integrated undertaking (namely, a company or a group of companies that performs also the functions of production or supply of natural gas in addition to at least one of the following functions: distribution, transmission, LNG or storage), it shall be independent at least in terms of its legal form, organisation and decision-making from other activities not relating to distribution. Those rules do not create an obligation to separate the ownership of assets of the distribution system from the vertically integrated undertaking. In addition, where the distribution system operator is part of a vertically integrated undertaking, the Third Energy Package provides that it shall be monitored by regulatory authorities or other competent bodies so that it cannot take advantage of its vertical integration to distort competition.

The Third 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 and to receive the final closure account at the latest six weeks after switching suppliers; (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, under EC Regulation 713/2009 and EC Regulation 715/2009 respectively, provides for the creation of the Agency for the Co-operation of Energy Regulators ("**ACER**") and of the European Network of Transmission Systems of Gas ("**ENTSOG**"), in order to promote the creation of the internal gas market. These bodies have the task of promoting the co-ordinated development of networks – through the predisposition of a non-binding Ten-Year Network Development Plan ("**TYNDP**") every two years – and creating regulations for access and service delivery, harmonised throughout Europe – through the adoption of common European network codes.

The Third Gas Directive was implemented in Italy with Legislative Decree no. 93/2011 on the "*National natural gas and electricity market*" (*Mercato interno dell'energia elettrica e del gas naturale*) ("**Decree 93/2011**").

4. Italian Unbundling Legislation

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

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

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

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

THE ITALIAN "NATIONAL ENERGY STRATEGY" (*STRATEGIA ENERGETICA NAZIONALE*)

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

The aim of the actions proposed in the SEN - within a double timeframe: 2020 and 2050 - is to ensure that energy will no longer represent for Italy neither an economic factor of competitive disadvantage, nor a burden on family budgets, and to draw a path that allows, at the same time, to highly improve environmental and "decarbonisation" standards, and to strengthen the certainty of supply, due to substantial investments in the energy sector.

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

In June 2017 a public consultation for the review/update of the SEN, referring to a prospective scenario by 2030 and with indications of trends for later years until 2050, has been launched. The consultation period ended in September 2017 and the update of the SEN has been approved with Ministerial Decree dated 10 November 2017 by MED and Ministry of Environment and Protection of the Territory and the Sea (*Ministero dell'Ambiente e della Tutela del Territorio e del Mare*) (the "**MEPTS**"). Among the many aspects treated, the SEN update recognizes for natural gas a key role in the transition towards a new energy set-up aimed at pursuing the environmental and decarbonisation goals defined at European level.

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

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

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

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

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

distribution and storage of electricity, continuing instead to make full use of efficient and functional infrastructure, such as that which already exists for the distribution and storage of natural gas.

FRAMEWORK LEGISLATION OF THE REGULATED GAS DISTRIBUTION MARKET

As described above, the gas market in Italy is controlled and monitored by the ARERA which was established by Law no. 481/1995 ("**Law 481/95**"). The main tasks of the ARERA, as set out in Law 481/95 and with subsequent additions, are, inter alia, to guarantee the promotion of competition and efficiency while ensuring adequate service quality standards in the electricity, gas, water and waste sectors (for the last sector according to the competencies assigned to the Authority starting from 1 January 2018). These goals are achieved by ensuring a uniform availability and distribution of services throughout the country, by establishing a transparent and reliable tariff system based on pre-defined criteria and by promoting the interests of users and consumers, taking into account specific European legislation in such sector and general political guidelines of the Italian government. In particular, the tariff system for the energy sector is required to reconcile the economic and financial goals of electricity and gas operators with general social goals, and with environmental protection and the efficient use of resources.

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

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

Under the Letta Decree as implemented by the new legislative framework as of 2011 (i.e. the Tender Criteria Decree - as defined below - and ancillary regulatory decrees, as further explained below) gas distribution is carried out under a concessionary regime pursuant to the terms set out. Natural gas distribution concessions are granted by local authorities (such as municipalities (*Comuni*), joint municipalities (*Unioni di Comuni*) and mountain municipalities (*Comunità Montane*)) through tender procedures. The Letta Decree provides for a 12-year time limit to the validity of gas distribution concessions, whilst previously concession agreements were usually awarded for longer periods. Limited liability companies, including publicly-held companies and limited liability co-operative companies, submit bids in accordance with Article 14 of the Letta Decree, whilst adjudication is conditional upon the "*best economic conditions and service levels, quality and safety levels, investment plans for the development and upgrade of networks and facilities, for their renewal and maintenance, and technological and managerial innovation, submitted by competing companies*". Once distribution concessions are granted, relations between the local authority (which awarded the concession) and the gas distribution operator are governed by service agreements, which are to be drafted in compliance with the terms of the standard service agreement ("*contratto di servizio tipo*" - the model for such standard agreement was proposed by the ARERA and subsequently approved by the MED by Ministerial Decree dated 5 February 2013), which includes the duration of, and procedures for, the performance of the gas distribution service.

The relevant local authority is required to call a new tender procedure at least one year prior to expiry of the relevant concession period in order to award the gas distribution service concession for another 12-year term. Upon the expiry of such period, networks, facilities and any transferable equipment are to be returned in the full availability of the local authority in consideration for an indemnity payment. The amount of such indemnity payment was calculated: (i) on the basis of what is established in the relevant

concession agreements or, (ii) in case the concessions do not provide a calculation method, based on the criteria in Italian Royal Decree no. 2578/1925 (industrial value criterion – "**VIR**" – *valore industriale residuo*).

As a consequence of the introduction of Ministerial Decree no. 226/2011 (the "**Tender Criteria Decree**" better described below in the paragraph "*Ministerial Decree no. 226/2011 (the Tender Criteria Decree))*", the calculation of the indemnity pursuant to the terms of the existing concession agreements is allowed provided that such contracts have been executed prior to the date of entry into force of the Tender Ciriteria Decree - meaning before 11 February 2012, as specified by art. 15, comma 5 of the Letta Decree (as modified by Law Decree no. 91/2014 – art. 30- bis, paragraph 1).

Furthermore, the methodology for calculating the VIR has been further specified and detailed in the guidelines issued by the MED with the Ministerial Decree dated 22 May 2014 (the "**MED Guidelines**"), pursuant to Article 4.6 of Law Decree No. 69 of 21 June 2013 (the so-called "*Decreto del Fare*") (for more details see the next paragraph "The amount of the Reimbursement").

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

At the date of this Base Prospectus, only two disputes are pending between 2iRG and the relevant municipalities regarding the quantification of the Reimbursement. The decision on such assessment was in one case brought before an arbitration panel and in the other appealed before judicial courts and 2iRG is still waiting for the final decisions to be issued. The Letta Decree provides that concessions in force as of 21 June 2000, and that had been awarded by means of a public tender procedure, would terminate at their natural expiry date and, in any event, no later than 31 December 2012. This provision was introduced in order to allow the new mechanism and rules set out under the Letta Decree to apply uniformly throughout the Italian territory and to avoid misalignments between the validity period of gas distribution concessions awarded before and after the entry into force of the Letta Decree.

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

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

- a two-year extension may be granted if at least one of the requirements provided for by Article 15, Paragraph 7 of the Letta Decree is met. Although an express resolution authorising the extension is not required, an explicit ascertainment by the Municipality of the occurrence of the technical conditions legitimating the extension is necessary;

- a one-year postponement of the concession deadline could be granted in case public interest reasons justifying such extension occur. An explicit Municipal resolution acknowledging the reasons of

public interest is always required to allow this type of extension of the concession term. Accordingly, one-year postponements granted without such a Municipal resolution may give rise to issues in terms of non-compliance with the principles governing the Letta Transitional Period.

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

- concessions in Sicily, according to Regional Law no. 2/2002, then restated by subsequent Regional Law no. 9/2015, please refer to paragraph "*Time limits for the tenders*" below for more details on this regional law); and
- concessions in relation to which public contributions have been granted pursuant to Article 57 of Law Decree no. 5/2012.

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

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

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

(a) Law Decree 159/2007

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

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

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

Ministerial Decree dated 19 January 2011 (the "**ATEM Decree**"), which was issued by the MED in collaboration with the Ministry for Regional Relations and National Cohesion (*Ministro per i Rapporti con le Regioni e per la Coesione Territoriale*) to implement the new market set-up introduced by Article 46-bis of Law Decree 159/2007, divided the Italian territory into "multi-municipality minimum geographical areas" (known as "*Ambiti Territoriali Minimi*" - "**ATEMs**", currently being 172) in relation to which a single gas distribution concession must be awarded. The ATEM Decree did not identify the Municipalities comprised within each ATEM, but delegated this identification to a subsequent ministerial decree to be adopted in agreement with the Ministry for Regional Relations and National Cohesion (*Ministro per i Rapporti con le Regioni e per la Coesione Territoriale*), which was published on 18 October 2011 (see point (d) below).

The ATEM Decree provides that a single tender procedure must be carried out within each ATEM in order to identify the natural gas distribution concessionaire and that neighbouring ATEMs may decide to

combine - joining another ATEM and forming a larger concession area - if they wish to do so and carry out a joint tender procedure.

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

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

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

Ministerial Decree dated 21 April 2011 (the "**Employment Decree**"), protecting employment levels in connection with gas concession service providers, adopted by the MED in conjunction with the Ministry of Work and Social Policy (*Ministero del Lavoro e delle Politiche Sociali*) on 21 April 2011 and published in the Italian Official Gazette (Gazzetta Ufficiale Italiana) on 4 May 2011, regulates the social effects associated with the awarding of gas distribution concessions to a new concessionaire.

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

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

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

(e) Legal proceedings in relation to the definition and identification of the ATEM

Legal proceedings are currently pending before the competent administrative regional courts (*Tribunali Amministrativi Regionali* - "**TAR**") in relation to the definition and identification of the ATEMs. In particular, lawsuits were filed against Ministerial Decree dated 19 January 2011 and Ministerial Decree dated 18 October 2011 with the aim of annulling the identification of the areas of the ATEMs. By decision nos. 4106/2014 and 4108/2014, Lazio TAR has declared its incompetence to decide the matter as it falls within the jurisdiction of the TAR of a different region (i.e. the Lombardy Region). The proceeding has therefore been re-activated before the Lombardy TAR, which in turn has rejected the complaint and no appeal results to have been filed against such decisions.

(f) Ministerial Decree no. 226/2011 (the "Tender Criteria Decree")

The Tender Criteria Decree was adopted by the MED and by the Ministry for Regional Relations and National Cohesion on 12 November 2011, published in the Italian Official Gazette (*Gazzetta Ufficiale*

Italiana) on 27 January 2012 and has been subsequently updated by Minesterial Decree no. 106/2015 dated 20 May 2015 (published in the *Gazzetta Ufficiale Italiana* on 14 July 2015 – "**MD 106/2015**").

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

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

Requirements for participation in the tenders

In addition to the general requirements set out under art. 80 of Legislative Decree no. 50/2016[8], which has abrogated and reinstated the public contracts code originally disciplined by Legislative Decree 163/2006[9], Article 10.5 of the Tender Criteria Decree indicates the following economic and financial requirements that must be proved by the tenderers:

(i) an average annual turnover in the three years prior to the tender equal to at least 50 per cent. of the annual value of the services being offered in the tender; or

(ii) alternatively, provision of guarantees from two primary credit institutions certifying that the company in the previous 3 years has fulfilled its undertakings, and that it has the possibility to access loans for an amount equal to at least 50 per cent. of the annual value of the service to be awarded and of the sum to be paid to the exiting operator;

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

(i) registration with the competent company register of the relevant chamber of commerce (or analogous European register);

(ii) proven operation/management expertise to be demonstrated by specific sizing parameters and parameters of the network run;

8 Legislative Decree 50/2016 (the "**New Public Contracts Code**") will apply to the tender procedures and contracts in relation to which the notices of the tender process have been published after its entry into force. The New Public Contracs Code provides for a general framework for public service concessions and has amended some of the provisions set out under the Public Contracts Code. In particular, the New Public Contracs Code under art. 80 identifies in details the events that may determine the exclusion of a company from the participation to a public tender procedure, such cases include those that were listed under art. 38 of the Public Contracts Code but have been further detailed and specified, as well as additional events.

9 Legislative Decree 163/2006 (the so called "**Public Contracts Code**") shall continue to apply to those tender procedures that were started (i.e the relevant tender notice was published) prior to the coming into effect of the new reinstated public contracts code which was approved by Legislative Decree 50/2016 (the "**New Public Contracts Code**") and became effective on 19 April 2016, pursuant to art. 220.

(iii) UNI ISO 9001 certification; and

(iv) operating in compliance with the applicable safety rules (pursuant to ARERA resolution 574/2013/R/gas as integrated and updated from time to time).

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

(i) in Italy or the EU - by operation of law or administrative provision or contract - provide local public services as a consequence of a direct appointment or in any case without a prior public tender procedure (this exclusion does not apply during the First Period – i.e. the first period of tender procedures pursuant to the Tender Criteria Decree);

(ii) fall within one of the exclusion cases identified under Article 38 of Legislative Decree 163/2006 (see footnote 4 above);

(iii) fall within the definition of "control" with respect to another participant in the tender pursuant to Article 2359 of the Italian Civil Code; and

(iv) have not complied with applicable labour provisions.

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

(i) technical requirements (excluding operating requirements): must be individually held by each member of the RTI;

(ii) economic-financial and operating requirements: must be held cumulatively by the members (however the leading company must hold at least 40 per cent. of the requirements); and

(iii) the special purpose vehicle company (SPV) must be incorporated within 1 month of the award of the tender, such company will then enter into the service contract (members of the RTI are jointly liable for the undertakings of the SPV).

The amount of the Reimbursement

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

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

As a consequence of a modification introduced to the Letta Decree by Law Decree no. 145/2013 (the so-called "*Destinazione Italia Decree*") - which deleted the reference to the industrial value criterion set out under Royal Decree no. 2578/1925 for the calculation of the Reimbursement during the First Period, in the absence of a specific method of calculation in the contracts – the method to calculate the

Reimbursement during the First Period has been specified under the MED Guidelines which were issued on 22 May 2014 pursuant to Article 4.6 of Law Decree no. 69 of 21 June 2013 (the so-called "*Decreto del Fare Decree*") to detail the criteria and the methodology for calculating the VIR. The MED Guidelines were published in the Italian Official Gazette (*Gazzetta Ufficiale Italiana*) on 6 June 2014.

Several lawsuits were filed against MED Guidelines and against MD 106/2015 with the aim of obtaining the annulment of the regulation set out therein for the calculation of the Reimbursement. By decision No. 10286/2016, TAR Lazio has rejected the legal actions and the Council of the State has confirmed such decision with decision no. 6315/2019 dated 23 September 2019.

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

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

As a consequence of the MED Guideline's choice to apply the VIR method during the First Period, the new incoming concessionaire will be obliged to pay a Reimbursement value to the exiting concessionaire calculated using the VIR mechanism, knowing that at the end of the concession period he will obtain a Reimbursement value based on the RAB mechanism. This difference is taken into account in the tariff as determined by the ARERA to ensure that the higher value paid by the new concessionaire for the assets is remunerated under the tariff (if the outgoing concessionaire confirms itself and is awarded with the concession as a result of the tender, he will not have to pay any Reimbursement value and will continue to be remunerated according to the previous RAB for the duration of the new concession agreement[10]; in this case, however, if the RAB value is misaligned with respect to the sector average level and less than 75% of the value derives from a parametric evaluation, the ARERA tariff regulation envisages, with the start of the new ATEM's concession, the revaluation of the RAB up to 75% of parametric value reflecting the industry average level).

The incoming operator will acquire ownership of the gas distribution network and equipment by paying the outgoing operator the Reimbursement, with the exception of any assets owned by the local municipality (which in any case may decide, in the context of each tender, to sell them to the new operator at a value currently corresponding to their RAB).

If the Reimbursement value is greater than 10 per cent. of the value of the local assets, calculated on the basis of the tariff regulation and net of government grants and private contributions, Municipalities of the ATEMs shall forward their calculation of the Reimbursement to the ARERA for verification before

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

publication of the tender notice. Municipalities shall take account of any comments made by the ARERA in this regard.

Law no. 124 of 4 August 2017 ("**Competition Law**") has introduced under Article 1, paragraph 93, inter alia, a simplification of the VIR-RAB delta verification test (establishing that the awarding authority/Municipality is no longer obliged to send to ARERA the detailed evaluation of the difference in value between VIR and RAB prior to the tender, provided that the awarding authority/Municipality is able to certify, even through a competent third party, that the VIR has been determined in accordance with the provisions of the MED Guidelines and, at the same time, the ATEM's aggregate VIR-RAB delta does not exceed 8% and the VIR-RAB delta of the single Municipality does not exceed 20%. In implementation of law 124/2017, this new provision has been implemented by ARERA in its procedures for the verification of reimbursement values and tender notices, updated with Resolution 905/2017/R/gas (then amendd with Resolution 130/2018/R/gas).

In case of a dispute on the quantification of the Reimbursement, the outgoing operator will be paid the higher value between (a) the value of the net fixed assets of locality ("*immobilizzazioni nette di località*") of the distribution service, including construction in progress, net of public or private contributions, calculated using the methodology of the current tariff system and on the basis of the consistency of the plants at the time of their transfer and (b) the value of the assets estimated by the local authority, with possible adjustments after the dispute has been resolved.

The bid evaluation criteria

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

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

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

The Competition Law has confirmed the non-derogation regime of the maximum scores for the criteria and the sub-criteria of the tender as set out in Tender Criteria Decree. It has also introduced under Article 1, paragraph 94, the need to define a simplified procedure for the evaluation of the of the tender documents (*documentazione di gara*) by ARERA which shall be applicable whenever a single call for tender (*bando di gara*) is consistent with the standard call for tenders (*bando di gara tipo*), the standard bidding rules (*disciplinare di gara tipo*) and the standard service contract (*contratto di servizio tipo*). As mentioned above this provision has been implemented by ARERA in its procedure for the verification of tender notices approved with Resolution 905/2017/R/gas (further detailed with Determinations nos. 8/2018 – DIEU, 9/2018 – DIEU and 2/2020 – DIEU). Furthermore, Article 1, paragraph 95 of Competition Law clarifies that, in case of participation to a tender through a temporary association of companies or consortia, some of the technical capacity requirements defined by the Tender Criteria Decree must be

possessed cumulatively by all of the members of a temporary association of companies (*raggruppamento temporaneo di imprese*) or a consortium (*consorzio ordinario*) whilst others may be possessed even by just one of such members.

Time limits for the tenders

As a consequence of the above-mentioned law provisions, the tender procedures for the awarding of new gas distribution concessions should commence once certain conditions provided by the Tender Criteria Decree have been met and within the time period (which differ for each ATEM) set out in Annex 1 of the Tender Criteria Decree. Such terms have been most recently extended by means of Law Decree no. 145/2013 (the so called "*Destinazione Italia Decree*"), no. 91/2014 (the so called "*Competitivity Decree*") and no. 192/2014 (the so called "*Milleproroghe Decree 2014*" and no. 210/2015 (the so called "*Milleproroghe Decree 2015*").

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

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

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

(g) Standard Service Agreement - ("contratto di servizio tipo")

By Ministerial Decree dated 5 February 2013, a standard service agreement ("contratto di servizio tipo") for the distribution of natural gas was approved in compliance with the provisions of Article 14 of the Letta Decree. In particular, such standard service agreement covers in detail all aspects of the concessionary regime, the mutual obligations of the parties, the duration of the agreement (twelve years), the termination provisions, and provides that the exiting concessionaire shall transfer the ownership of the gas distribution facilities it owns to the incoming operator upon payment by the latter of the Reimbursement.

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

Article 4 of Law Decree no. 69 of 21 June 2013, known as the "*Decreto del Fare Decree*", contains, among other things, provisions regarding concessions for gas distribution. As better detailed in the paragraph "*Time limits for the tenders*" above, it clarifies that the timing under Article 3 of the Tender Criteria Decree are mandatory and introduces specific mechanisms to ensure that tenders are launched including the application of fines and other sanctions. However, the sanctioning system has been abrogated by Law Decree no. 210 of 30 December 2015 (Decreto "*Milleproroghe 2015*") (please see the specific paragraph 3 below).

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

3. Law Decree no. 210 of 30 December 2015 (Decreto "Milleproroghe 2015")

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

In addition to the extension of the deadlines for the publication of tender's notices, the decree has:

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

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

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

However, as at the date of this Base Prospectus, no. 26 notices for tender have been published, relating to no. 26 ATEMs (Cremona 2 and Cremona 3, as well as Trento 1, Trento 2 and Trento 3, Firenze 1 and Firenze 2, Bologna 1 and Bologna 2 have decided to carry out a joint tender procedure unitarily in compliance with art. 2.4 of Ministerial Decree dated 19 January 2011, while other 11 tenders after publication have been withdrawn in self-defense or suspended or canceled).

After their publication, other 11 tender notices have been revoked or suspended or canceled. In relation to nine tender procedures the date for the submission of the bid or the request for pre-qualification have been

extended. In relation to several of these procedures, specific challenges have been raised by different companies who have questioned the not full coherence of these tender procedures with provisions of law.

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

REGULATORY – TARIFFS

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

Particularly, as described above, the distribution of natural gas in Italy is regulated by the ARERA, who is responsible for the regulation of the national electricity and natural gas markets, the integrated water system and the waste management one. In relation to the gas distribution sector, its functions include, inter alia, the calculation and updating of the gas distribution tariffs, adjusting the quality and safety of services standards, the establishment of rules for access to gas infrastructures and for the delivery of the relative services. According to the Letta Decree, rules for the access and delivery of the services are defined in the gas distribution codes set by each company and approved by the ARERA (each company can also adopt the standard network code issued by ARERA – approved with Resolution no. 108/06 as amended). Tariff regulation is set by the ARERA before the start of each regulatory period, that lasts several years. The ARERA identifies the criteria for the determination of the "allowed revenues" and their revision during the regulatory period as well as the methodology for calculating tariffs. This general methodology applies to all businesses areas and is designed to cover capital and operational costs directly related to the business activities of the relevant company.

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

- remuneration on net invested capital which is determined by multiplying the Regulatory Asset Base (RAB), determined according to the re-evaluated historical cost methodology, by the allowed rate of return (WACC) equalized between distribution services and metering services[11]; capex of distribution companies, or RAB, it is also divided into two categories: investment in local plant and centralized invested capital;
- depreciation allowance calculated on the basis of the economical/technical lives set by the ARERA for different asset types; and
- allowed operating costs (determined by the ARERA, according to the company size and density of customers connected to the distribution network, based on national average costs as derived from the company's financial statements and accounting books) which may include the retention of profit sharing on the extra-efficiency performed during the previous regulatory period (with Atem's tenders the operating costs will be recognized according to the Atem size, instead of the company size, and the density of customers).

[11] WACC has been differentiated between distribution and metering services until 2019, whilst it is the same for the two services starting from 2020.

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

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

Furthermore, the tariff system identifies a "mandatory tariff" applied to final users (which takes into account the average costs of the distribution services in each of the seven[12] geographical areas in which the Italian territory is divided) and a "reference tariff" which defines the revenues recognised to each distribution company to cover its distribution costs. Under the tariff regulation system, a cost offsetting/equalisation system (*perequazione*) has been set up in order to allow gas distribution companies to recover any discrepancy between the admitted revenues under the reference tariff and the actual revenues of the company obtained applying the mandatory tariff. This offsetting mechanism is regulated by ARERA and carried out by the *Cassa Servizi Energetici e Ambientali* (the "**CSEA**").

Starting from 2016, by Resolution no. 583/2015/R/com, ARERA introduced a WACC regulation period for infrastructure services of the electricity and gas sectors (the "**TIWACC**"), having a six year duration, which does not coincide with the tariff regulation periods of the individual sector (i.e. electricity and gas) and provides for a mid-term update after three years of the allowed rate of return. The TIWACC defines the criteria for the quantification and updating of the remuneration index of the invested capital (*tasso di remunerazione del capital investito*) to be applied in the regulatory WACC period going from January 1, 2016 until December 31, 2021 and it provides specific WACC values for each of the regulated infrastructure services of the electricity and gas sectors, (electricity transmission, electricity distribution and metering, gas storage, re-gasification, gas transportation, gas distribution and metering). By resolution no. 639/2018/R/com ARERA carried out the mid term update of the the parameters for WACC calculation applied to all infrastructural services in gas and electricity sector, for the three-year period 2019-2021 period. The mid-term update results in a WACC value for gas distribution service and metering respectively amounting to 6.3% and to 6.8% in 2019, in view, from 2020, of updating also the specific sector parameters with the new regulatory period of gas distribution and metering tariffs. Besides, by Resolution no. 380/2020/R/com, ARERA started a proceeding in order to update the criteria for calculating and updating of the remuneration index of the invested capital, to be applied in the 2nd regulatory WACC period starting from January 1, 2022. Starting the proceeding, ARERA indicated its intention to maintain the same general regulatory model adopted in the 1st WACC regulation period, i.e. calculating the WACC for each regulated infrastructure service in the electricity and gas sectors as a weighted average of the rate of return on equity and the cost of debt and taking into consideration the international best practices. The ARERA announced some adjustments regarding the level of the ß parameter (measurement of the systemic risk related to each regulated service[13]), of the gearing and of the debt cost.

The possible impact of the TIWACC on the tariff calculation is a possible reduction, in the event of a possible future WACC reduction, of the component of tariff revenues to cover the remuneration on net invested capital

[12] The 7th geographical area, corresponding to Region Sardinia, has been introduced starting from the current regulatory period (2020-2025).

[13] Starting the proceeding, the Authority foreshadowed its intention to identify detailed criteria for estimating the β coefficient of the specific sector risk, in order to improve the predictability of the model for determining the WACC and reduce any margins of discretion in setting this parameter.

as described in "*Risk Factors - Factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme - Risks relating to return on investments*".

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

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

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

As in the previous regulatory period, the ARERA has provided for, in addition to the usual annual update of the parameters relating to inflation, a specific update to be carried out once half of the regulatory period has elapsed, of some parameters, including, in particular, the X-factor relating to the efficiency targets set by the ARERA itself.

With regard to recognition in the tariff of the investments made in distribution assets, the RTDG 2020-2025 confirms the historical revalued cost method for the first part of the regulatory period (i.e. 2020-2022) and foresees the adoption, in the second part of the regulatory period (i.e. 2023-2025), of methodologies based on standard costs (based on a reference standard price list) for the evaluation of new investments for the annual update of the value of the assets. The definition of the methodology based on standard costs for the evaluation of new distribution assets is still ongoing, its application has then been postponed starting from 2019 investments. The definition of the methodology based on standard costs for the valuation of new distribution assets, actually started already in the previous regulatory period, has not yet been completed and its application has thus been postponed to the 2nd three-year period of the current regulatory period (therefore from 2023).

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

Furthermore, the applicable 2020-2025 tariff regulation provides that the initial levels of operating costs for the distribution activities are to be differentiated according to the size of enterprise class and density of customers served by each specific operator (even if ARERA has provided for a gradual decreasing of this difference according to the size of the operators, converging towards the most efficient cost levels of large operators, setting an X-factor rate higher in the first years of the regulatory period for small and medium-sized operators, as showed below), whilst the initial levels of operating costs for the measure and for the commercial activity are determined on a national level, in undifferentiated way to all the enterprises.

The RTDG 2020-2025 also confirmes a specific tariff component relating to the metering systems for the recognition of the costs of telemetry/remote management and costs related to concentrators (*concentratori*) incurred by companies, through a tariff item based on an ex-post reimbursement methodology, also setting a decreasing cap (expressed in euro per re-delivery point) in order to reach the amount of 2,74 €/pdr in 2023.

Afterwards, these costs would have been recognized on the basis of output-based criteria and depending on the efficiency of the operators, by applying a parametric methodology and using components expressed in euro per re-delivery point.

The following are the primary tariff components set out under the RTDG 2020-2025 for the distribution and metering activities based on the regulatory framework in force starting from 1 January 2020:

Duration of the regulatory period	1 January 2020 - 31 December 2025
Calculation of net invested capital recognised for regulatory purposes (RAB)	Re-evaluated historical cost Parametric method for centralised assets
Return on net invested capital recognised for regulatory purposes (pre-tax WACC) (Article 15.1 of the RTDG 2020-2025 for the years 2020 and 2021 and Article 8.1 of the TIWACC 2016-2021 for the years 2019-2021)	6.3 per cent. (distribution and(metering) for the years 2020 and 2021.
Efficiency Factor for the "old" municipal or supra-municipal management (Article 16 of the RTDG 2020-2025)	For tariffs of first three years in the regulatory period, starting from 2020: • 6.59 per cent. on distribution operating costs, applicable to distribution companies having up to 50,000 redelivery points; • 4.79 per cent. on distribution operating costs, applicable to distribution companies having from 50,000 to 300,000 redelivery points; • 3.53 per cent. on distribution operating costs, applicable to distribution companies exceeding 300,000 redelivery points (which applies to the Group); • 1.57 per cent. on commercial activities operating costs; and • 0 per cent. on metering operating costs.

The RTDG 2020-2025 also sets out:

- the initial value of the local assets (*immobilizzazioni nette di località*) that are going to be transferred to the incoming operator, to be identified as of 31 December of the year prior to the year of the award through a tender procedure, calculated on the basis of:
  a. reimbursement value, (VIR) to be calculated in compliance with the Tender Criteria Decree recognised[14], to the outgoing operator, should the new operator be different from the outgoing one (in compliance with the provisions of art. 26 of RTDG 2020-2025);

14 Please refer to the paragraph The amount of the Reimbursement for more details on such calculation criteria of the VIR during the First Period.

b. net regulatory value (RAB) of the local assets (*immobilizzazioni nette di località*) recognised by the tariff regulation in other cases[15];

- the rules for the application of the efficiency factor, the so called "X-factor", defined with reference to the management of ATEM.

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

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

With resolution 570/2019/R/gas, in addition to approving the RTDG 2020-2025, ARERA also started a proceeding to evaluate a possible reform of the tariff system to be applied in the second half-period of the fifth regulatory period (*i.e.*, starting from 2023), also considering, among other things: a possible revision of the variables of scale for the determination of the reference tariff (which measures the allowed revenues of the distribution companies), considering in particular the possibility that a part of the allowed revenues is fixed according to the volumes distributed, and a reform of connection contributions, aiming at making the criteria for the application of connection fees on the national territory more homogeneous.

OTHER RECENT DEVELOPMENTS ON TARIFF REGULATION

With resolution 704/2016/R/gas, aiming at pursuing an adequate allocative efficiency of new investments based on their sustainability and protecting the interests of the final customers of the service in order to avoid negative effects on the tariff deriving from unjustified investments, ARERA introduced a specific cap on tariff recognition for investments made with reference to the areas of new methanization. This approach, with the same purposes, was also confirmed in the regulatory period started from 1 January 2020 with the RTDG 2020-2025.
Subsequently, however, by Article 114-ter of Law Decree no. 34/2020, as converted into Law no. 77/2020, it was established that ARERA must recognise the full tariff remuneration for distribution investments relating to extensions and upgrades of existing networks and plants in municipalities already methanised and also for new construction of networks and plants in municipalities to be methanised (therefore, in this case, without applying the previously introduced cap) belonging to specific areas of the country (the municipalities belonging to climatic zone F provided for by Article 2 of President of the Republic Decree no. 412/1993 – *i.e.*, zone with a more rigid climate – and classified as mountain territories, as well as in other some municipalities in southern Italy – *i.e.*, the so called "Mezzogiorno").

In relation to the legislative intervention referred to above, by Resolution no. 406/2020/I/gas, ARERA addressed a report to the Italian Parliament and Government pointing out several critical aspects of the above-mentioned

15 Pursuant to art. 6 of the Tender Criteria Decree, the reimbusement value at the end of the first concession period (12 years) for ATEM concessions will be determinedby appling the RAB method in compliance with art. 14.8 of the Letta Decree.

disposition compressing the ARERA's prerogatives, such as the lack of efficiency concerning the investments made, the subsequent increase of distribution tariffs paid by final users and the potential conflict of the disposition with both Italian and EU legislation. Nevertheless, by Resolution no. 435/2020/R/gas, ARERA started a proceeding to implement the provisions of Article 114-ter of the Law Decree no. 34/2020 – to be concluded by the end of 2021 – prefiguring the possibility of revising the tariff areas referring to the mandatory tariff, reducing its extension in order to stimulate more prudent evaluations in the investment decisions of the local granting municipalities and consequently of the network operator.

OTHER SIGNIFICANT REGULATORY MATTERS

ARERA Regulation

Please find below a short description of the most significant rules for the gas distribution sector issued by the ARERA:

- Resolution no. 569/2019/R/gas: establishing the regulation of the quality and safety system of gas distribution and gas measurement services for the fifth regulatory period (2020-2025);
- Resolution no. 631/2013/R/gas, then integrated by resolutions no. 554/2015/R/gas, 821/2016/R/gas and 669/2018/R/gas: relating to "smart gas meters", pursuant to which, for the operators with more than 200,000 served re-delivery points, 85 per cent. of metering devices currently installed for residential customers need to be replaced with metering devices that allow remote reading and remote management within 31 December 2020 (target that by the end of 2020 could be probably postponed to the end of 2021 due to the COVID-19 outbreak; for the operators with a number of served re-delivery points between 100,000 and 200,000 and for those between 50,000 and 100,000 this deadline is already respectively fixed at 31 December 2021 and 31 December 2023; no targets are provided for the operators smaller than 50,000 served re-delivery points); and
- Resolution no. 270/2020/R/efr: which modified the previous method of determining the contribution due to cover the costs sustained for the gas distribution companies that are required to achieve the mandatory energy efficiency objectives assigned to them (by obtaining the so-called "**TEE**" "*titoli di efficienza energetica*" or "white certificates"). Such mechanism should link the revenue for each TEE to its market value, thereby substantially almost annulling the differences between recognised contribution and cost of purchase.

With specific reference to the so called "white certificates"/TEEs, these are tradable instruments that certify the achievement of energy savings among end users through energy efficiency improvement projects evaluated as approved by the "Gestore dei Servizi Energetici" ("**GSE**").

The TEE mechanism has been established by the MED together with the Ministry of the Environment by Ministerial Decree dated 20 July 2004 amended and supplemented with other subsequent Ministerial Decrees dated 21 December 2007, 28 December 2012 and 11 January 2017 (then amended and integrated by Ministerial Decree dated 10 May 2018), while the provisions for the following period, starting from 2021 have yet to be issued by the MED. In particular, Ministerial Decree dated 11 January 2017 defines the national quantitative targets of energy efficiency, expressed in TOE (Tons of Oil Equivalent), for the years 2017-2020. Each TEE is worth one tonne of TOE saved. Gas and electricity distribution companies with a number of served users exceeding 50,000 units are the subjects obliged to achieve the targets defined in terms of TEE to be obtained. Furthermore, the Ministerial Decree dated 11 January 2017 establishes that:

a) notwithstanding the expiration of the year of the obligation set for 31 May of the following year, distributors subject to the obligation to submit TEEs to the GSE, may submit them twice a year (by 31 May and 30 November of each year) rather than once a year, as provided in previous legislation;

b) if a gas/electricity distributor subject to the obligations achieves a compliance rate of less than 100%, but at least 60%, it may offset the residual quote in the following year – rather than in the following two years – as previously provided by the old regulation, without incurring any penalties;

c) the TEE attesting to the achievement of primary energy savings are of four types rather than five;

d) TEE will be issued for periods of three to ten years (such a period being the "useful life"), depending on the type of energy savings they achieve, rather than for five year-periods, as envisaged by previous legislation;

e) the new evaluation methods of efficiency projects shall be reduced (in the future) from 3 types to 2.

The target that must be achieved by each distribution company is determined by the ratio between the amount of electricity and/or natural gas distributed to their end customers and the amount of electricity and/or natural gas distributed throughout the national territory, as annually determined and reported.

In this context 2iRG represents the second largest obligated entity within the gas sector, with a significant incidence of its individual targets with respect the national target (almost 20% for 2019, with deadline postponed from 31 May to 30 November 2020 as a result of the COVID-19 outbreak, and 2020, ending on 31 May 2021).

Electricity and gas distributors may fulfil their obligation either by the direct implementation of measures for energy saving or, alternatively, by buying TEE on market organized by the Gestore dei Mercati Energetici S.p.A. ("**GME**") or through bilateral agreements with qualified operators. TEE are managed by GME in compliance with the provisions of MED Decree 28 December 2012.

To allow the gas and electricity distributors to recover the costs incurred for the supply of TEE, a specific component of the electricity/gas distribution rate has been introduced (determined by ARERA) in order to secure the proceeds of the grant to cover the costs of supplying TEEs. In particular, ARERA, by Resolutions 13/2014/R/efr, 435/2017/R/efr and 634/2017/R/efr (then updated by Resolution 487/2018/R/efr), had introduced the mechanism for calculating the tariff contribution to cover the costs incurred by distributors to obtain TEEs (the "**Tariff Contribution**"). This contribution was updated annually according to the weighted average prices of trades made on the organised GME market in the obligation year in reference, but Ministerial Decree dated 10 May 2018 (which amended and integrated Ministerial Decree dated 11 January 2017), establishing that the tariff contribution's value should also reflect prices in TEEs bilateral trade also introduced a "cap" on the tariff contribution (set at 250 €/TEE). At the same time, in the event of limited availability of TEEs on the market, it was introduced the possibility for obliged distributors to request the GSE to issue "virtual" white certificates, not deriving from energy efficiency projects, at a value between 10 and 15 €/TEE (depending on the value assumed by the contribution in the year considered) to reach the minimum obligation of the year for them, by condition holding at least 18% of the white certificates corresponding to this minimum obligation. Such virtual certificates, whithout right to the tariff contribution, can then be redeemed subsequently, within a pre-established term, by delivering an equivalent quantity of "physical" TEEs, which instead allow ti receive the contribution.

Ministerial Decree dated 10 May 2018 was infact adopted because of the TEE market situation that has occurred since the second half of 2017, with low availability of TEEs and prices constantly increasing, in order to protect the correct functioning of the mechanism and limit the effects of the high levels of price volatility.

However, due to a ruling issued by TAR Lombardy and published on 28 November 2019, Ministerial Decree dated 10 May 2018 was annulled in the part in which the MED, setting the above mentioned cap to tariff contribution, exercised powers falling within the spectrum of the exclusive powers of ARERA. This annulment also entailed the cancellation of the rules for setting the tariff contribution lastly updated with resolution Arera 487/2018/R/efr, as it was adopted on the fallacious assumption of the existence of a mandatory regulatory datum, which was actually illegitimate.

In 2020 ARERA therefore had to redefine the methodology for determining the tariff contribution, while the year of obligation 2019's duration, as a consequence of the COVID-19 emergency, was extended from 31 May to 30 November 2020 (by Law Decree no. 34/2020 converted into Law no. 77/2020, in order to ensure more time to the obliged distributors to fulfil their 2019 targets). With Resolution no. 270/2020/R/efr, adopted on July 2020, ARERA has confirmed the limit to the recognized contribution foreach TEE (250€/TEE) previously indicated by MED, and besides provides:

a) the inclusion of bilateral trades occurred at prices below 260€/TEE in the Tariff Contribution's update;

b) an additional amount (max. 10 €/TEE) aimed at partly relieving distributors from economic losses due to TEE lack (the additional amount covers part of the difference between the average cost of TEEs and the cap and depends by the deviation between TEEs needed to globally fullfill the annual target and TEEs avalaible);

c) given the the extension of 2019 year of obligation to 30 November 2020, the transitory possibility to request an extraordinary advance payment of the Tariff Contribution equal to 250 €/TEE on a maximum amount of 18% the TEEs needed in order to fulfil the 2019 obligation;

d) an upward review of the amount of the ordinary advance payment of the Tariff Contribution (from 175 to 200 €/TEE) for the following year of obligation 2020, besides shorter time limits (from 90 to 60 days) to receive the corresponding amount once the GSE's verifications are completed.

Furthermore, with Resolution no. 270/2020/R/efr ARERA announces the willingness to dedicate further evaluation to the possibility to introduce a mechanism aimed at covering costs incurred by distributors in order to obtain virtual TEEs wheter those virtual TEEs could not be redeemed due to lack in TEE availability.

A new MD is awaited defining the national quantitative targets of energy efficiency, expressed in TOE for the years after 2020. The new MD could also introduce revisions or changes to the current TEE mechanism.

Following the provisions of Law no. 205/2017 about the introduction of the so-called "short prescription" or "two-year prescription" and subsequent amendments to the provision made by Law no. 160/2019, ARERA in September 2020 published the consultation document (DCO) 330/220/R/com, which should then be followed by the adoption of a measure based on the comments received. In this document ARERA, in addition to hypothesizing a mechanism aimed at covering energy suppliers from losses due to prescription when late billing does not depend on their responsibility, prefigures the possible introduction of an accountability/taking responsibility mechanism for distribution companies, in order to minimize the late correction of old consumption data. According to the few details set out in the DCO, the prefigured accountability mechanism aimed, in the Authority's intentions, at the progressive decrease of the adjustments deriving from new consumption data (and, consequently, at also the reduction of the settlement adjustment sessions), should provide for the introduction of a penalty applied to the quantities of adjusted gas, as part of the multi-year adjustment session, in relation to the three oldest years among the five subject to re-elaboration for settlement purposes, while the amount of the penalty would be commensurate with the temporal extension of the delay in making the new data available, as well as the extent of the corrections with respect to the whole gas quantity distributed by the operator.

In the view of the energy transition and the innovation in gas grid, ARERA by a consultation open to all the stakeholders (DCO 39/2020/R/gas) has outlined its intentions and guidelines of carring out pilot projects in order to try innovative employments of the gas networks, in particular in the following scopes:

- methods and tools for an optimised management of the gas network (*i.e.*, bidirectional use of the network to enable the reverse flow from the distribution network to the transmission network, development of the storage potential of the gas network);

- innovative employments of the gas networks (*i.e.*, injection of green gases such as biomethane and hydrogen, production of green gases using the power-to-gas technology);
- technological and management innovation of gas networks (*i.e.*, networks digitalization).

TAXATION

General

Prospective purchasers of Notes are advised to consult their tax advisers as to the consequences, under the tax laws of the countries of their respective citizenship, residence or domicile, of a purchase of Notes, including, but not limited to, the consequences of receipt of payments under the Notes and their disposal or redemption.

Italian Taxation

The following is a summary of current Italian law and practice relating to the taxation of the Notes. The statements herein regarding taxation are based on the laws in force in Italy as of the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis.

Prospective purchasers should be aware that tax treatment depends on the individual circumstances of each Noteholder: as a consequence they should consult their tax advisers as to the consequences under Italian tax law and under the tax laws of the country in which they are resident for tax purposes and of any other potentially relevant jurisdiction of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes, including in particular the effect of any state, regional or local tax laws.

This overview also assumes that the Issuer is resident in the Republic of Italy for tax purposes, is structured and conducts its business in the manner outlined in this Base Prospectus. Changes in the Issuer's organisation structure, tax residence or the manner in which it conducts its business may invalidate this overview and necessitate an update of this overview and this Base Prospectus. This overview also assumes that each transaction with respect to the Notes is at arm's length.

Where in this overview, English terms and expressions are used to refer to Italian concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Italian concepts under Italian tax law.

The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. It does not discuss every aspect of Italian taxation that may be relevant to a Noteholder if such Noteholder is subject to special circumstances or if such Noteholder is subject to special treatment under applicable law. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes. This summary does not describe the tax consequences for an investor with respect to Notes that provide a pay-out linked to the profits of the Issuer, profits of another company of the group or profits of the business in relation to which they are issued.

Interest and other proceeds from Notes that qualify as bonds or instruments similar to bonds

Legislative Decree No. 239 of 1 April 1996 ("**Decree No. 239**"), as subsequently amended, provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) deriving from notes falling within the category of bonds (*obbligazioni*) or securities similar to bonds (*titoli similari alle obbligazioni*) pursuant to article 44 of Italian Presidential Decree No. 917/1986, as amended and supplemented ("**TUIR**") issued, *inter alia*, by

(a) companies resident in Italy for tax purposes whose shares are listed on a regulated market or on a multi-lateral trading platform of EU Member States and of the States party to the European Economic Area Agreement included in the white list provided for by a decree to be issued pursuant to Article 11 (4) (c) of

Decree No. 239, as amended by Article 10 of Legislative Decree No. 147 of 14 September 2015 (currently, reference is made to the list included in the Ministerial Decree of 4 September 1996 as amended and supplemented from time to time. Last amendment being made by Italian Ministerial Decree dated 23 March 2017, the "**White List**"); or

(b) companies resident in Italy for tax purposes whose shares are not listed, issuing notes listed upon their issuance for trading on the aforementioned regulated markets or platforms ("*negoziati nei medesimi mercati regolamentati o sistemi unilaterali di negoziazione*"); or

(c) companies, whose shares are not listed, issuing notes that will not be traded on the aforementioned regulated markets or platforms, provided that these notes are held by "qualified investors" pursuant to Article 100 of the Legislative Decree No. 58 of 24 February 1998.

For these purposes, debentures similar to bonds are defined as securities that incorporate an unconditional obligation to pay, at maturity, an amount not less than their nominal/face value or principal amount (*valore nominale*) and that do not give any right to the holder to directly or indirectly participate in the management of the issuer or of the business in relation to which they are issued nor any type of control on the management.

Italian resident Noteholders

Where an Italian resident Noteholder, who is the beneficial owner of the Notes, is (a) an individual not engaged in an entrepreneurial activity to which the Notes are connected; or (b) a partnership (other than a *società in nome collettivo* or *società in accomandita semplice* or similar partnership), or a *de facto* partnership not carrying out commercial activities or professional association pursuant to Article 5 of TUIR; or (c) a private or public entity other than companies, trusts not carrying out mainly or exclusively commercial activities, the Italian State and public and territorial entities; or (d) an investor exempt from Italian corporate income taxation, interest, premium and other income including the difference between the redemption amount and the issue price (other than capital gains) ("**Interest**") relating to the Notes, accrued during the relevant holding period, are subject to a substitute tax, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent. either when the Interest is paid by the Issuer, or when payment thereof is obtained by the Noteholder on a sale of the relevant Notes (unless the Noteholders referred under (a), (b) and (c) above have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so called "*regime del risparmio gestito*" regime - see "Capital Gains Tax" below). In the event that the Noteholders described under (a) to (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax. Interest will be included in the relevant beneficial owner's Italian income tax return and will be subject to Italian ordinary income taxation and the *imposta sostitutiva* may be recovered as a deduction from Italian income tax due.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509/1994 and Legislative Decree No. 103/1996 may be exempt from any income taxation, including the *imposta sostitutiva*, on Interest relating to the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (100-114) of Law No. 232 of 11 December 2016 (the "**Finance Act 2017**") and , in Article 1 (211-215) of Law No. 145 of 30 December 2018 (the "**Finance Act 2019**") as implemented by the Ministerial Decree 30 April 2019 and for long-term individual savings account established from 1 January 2020 by Article 13-*bis* of Law Decree No. 124 of 26 October 2019, converted by Law No. 157 of 19 December 2019, as applicable from time to time (the "**Law Decree No. 124**"), all as lastly amended and supplemented by Article 136 of Law Decree No. 34 of 19 May 2020 converted by Law No. 77 of 17 July 2020 ("Law **Decree No. 34**")-.

Where Italian resident Noteholders – beneficial owners of Interest payments – are: (i) resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected, (ii) partnerships carrying out commercial activities (*"società in nome collettivo*" or *"società in accomandita semplice*") and (iii) holders of the Notes included categories under (a), (b) and (c) listed above who have entrusted the management of their financial assets, including the Notes, to an authorised financial Intermediary and have opted for the "*regime del risparmio gestito*", and the Notes are deposited with an authorised intermediary, Interest from the Notes will not be subject to *imposta sostitutiva*. Where the Notes are not deposited with an Italian authorised financial intermediary (or a permanent establishment in Italy of a foreign financial intermediary), the *imposta sostitutiva* is applied and withheld by any Italian financial intermediary paying Interest to the holders of the Notes or, absent that, by the Issuer. Recipients listed under (i) above are entitled to deduct *imposta sostitutiva* suffered from income taxes due.

Recipients that are Italian resident corporations or permanent establishments in Italy of foreign corporations to which the Notes are effectively connected must include in the relevant annual income tax return the Interest accrued on the Notes that will be subject to general Italian corporate taxation ("**IRES**", generally levied at the rate of 24 per cent.) and, in certain circumstances, depending on the "status" of the Noteholder, also to regional tax on productive activities ("**IRAP**", generally levied at the rate of 3.9 per cent., while banks or other financial institutions will be subject to IRAP at the special rate of 4.65 per cent.; in any case regions may vary the IRAP rate by up to 0.92 per cent.). Italian resident holders who have opted for the "*regime del risparmio gestito*" are subject to a 26 per cent. annual substitute tax on the increase in value of the managed assets accrued at the end of each tax year (which increase would include Interest accrued on the Notes). The 26 per cent. annual substitute tax is applied on behalf of the taxpayer by the managing authorised intermediary.

Italian OICRs

If an investor is resident in Italy and is an open-ended or closed-ended collective investment funds ("*organismo di investimento collettivo del risparmio*"), SICAVs (an investment company with variable capital) or SICAFs (an Italian investment company with fixed share capital) other than closed-end investment companies investing mainly in real estate properties, established in Italy ("**OICRs**") and either (i) the OICR or (ii) its manager is subject to the supervision of a regulatory authority, and the relevant Notes are held by an authorised intermediary, Interest accrued during the holding period on such Notes will not be subject to *imposta sostitutiva,* but must be included in the management results of the OICR accrued at the end of each tax period. The OICR will not be subject to taxation on such result, but a withholding tax, up to 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders, or upon the sale or the redemption of the relevant units or shares.

Italian Real Estate OICRs

Payments of Interest on the Notes made to Italian open-ended or closed-ended collective investment funds ("*organismo di investimento collettivo del risparmio*") or Italian real estate SICAFs to which the provisions of Article 37 of Legislative Decree No. 58 of 24 February 1998, Law Decree No. 351 of 25 September, 2001 ("**Decree No. 351**"), Law Decree No. 78 of 31 May 2010, converted into Law No. 122 of 30 July 2010, and Legislative Decree No. 44 of 4 March 2014, all as amended, apply ("**Real Estate OICRs**"), are subject neither to *imposta sostitutiva* nor to any other income tax at the level of the Real Estate OICRs provided that the Notes, together with the relevant coupons, are timely deposited with an authorised intermediary.

However, a withholding tax at a rate of 26 per cent. will apply, in certain circumstances, to income realised by unitholders or shareholders in the event of distributions, or on the sale or the redemption of the relevant units or shares. Subject to certain conditions, income realised by the Real Estate OICR is attributed to the investor irrespective of its actual collection and in proportion to the percentage of ownership of units on a tax transparency basis.

Pension funds

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) ("**Decree No. 252**") and the Notes are deposited with an authorised intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the results of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. annual substitute tax (the "**Pension Fund Tax**"). Subject to certain conditions, Interest in respect to the Notes may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) pursuant to Article 1, (100-114) of the Finance Act 2017 and to Article 1 (210-215) of the Finance Act 2019, as implemented by the Ministerial Decree 30 April 2019 and for long-term individual savings account established from 1 January 2020, by Article 13-*bis* of the Law Decree No. 124, all as lastly amended and supplemented by Article 136 of Decree No. 34.

Enforcement of the "imposta sostitutiva"

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, *Societa di intermediazione mobiliare* ("**SIMs**"), fiduciary companies, *Societa di gestione del risparmio* ("**SGRs**"), stockbrokers and other entities identified by a decree of the Ministry of Economics and Finance (each an "**Intermediary**") as subsequently amended and integrated.

An Intermediary, to be entitled to apply the *imposta sostitutiva*, must (i) be (a) resident in Italy or (b) resident outside Italy, with a permanent establishment in Italy or (c) an entity or a company not resident in Italy, acting through a system of centralised administration of notes and directly connected with the Department of Revenue of the Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree No. 239; and (ii) intervene, in any way, in the collection of Interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change in ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Noteholder or, absent that, by the Issuer.

Non-Italian resident Noteholders

Where the Noteholder is a non-Italian resident, without a permanent establishment in Italy to which the Notes are effectively connected, an exemption from *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either (a) resident, for tax purposes, in a White List country; or (b) certain foreign institutional investor established in a White List country, even if it does not possess the status of a taxpayer in its own country of residence; or, independently by the relevant country of tax residence, (c) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (d) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State.

The exemption procedure for Noteholders who are non-resident in Italy and are resident in a White List country identifies two categories of intermediaries:

(i) an Italian or foreign bank or financial institution (there is no requirement for the bank or financial institution to be EU resident) (the "**First Level Bank**"), acting as intermediary in the deposit of the Notes held, directly or indirectly, by the Noteholder with a Second Level Bank (as defined below); and

(ii) an Italian resident bank or certain other specific financial institutions, or a permanent establishment in Italy of a non-resident bank or certain other specific financial institutions, acting as depositary or

sub-depositary of the Notes appointed to maintain direct relationships, via electronic link, with the Italian tax authorities (the "**Second Level Bank**"). Organisations and companies non-resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Ministry of Economy and Finance (which include Euroclear and Clearstream) are treated as Second Level Banks, provided that they appoint an Italian representative (an Italian resident bank or SIM, or permanent establishment in Italy of a non-resident bank or certain other specific financial institutions, or a central depositary of financial instruments pursuant to Article 80 of Legislative Decree No. 58 of 24 February 1998) for the purposes of the application of Decree 239.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owners of the payments of interest, premium or other proceeds and (a) deposit, directly or indirectly, the Notes or the coupons with an institution which qualifies as a Second Level Bank and (b) file with the First Level Bank or the Second Level Bank, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in the case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001, as subsequently amended. Additional requirements are provided for "institutional investors".

Failure of a non-resident holder of the Notes to comply in due time with the procedures set forth in Decree No. 239 and in the relevant implementation rules will result in the application of *imposta sostitutiva* on Interest payments to a non-resident holder of the Notes.

In the case of non Italian resident Noteholders not having a permanent establishment in Italy to which the Notes are effectively connected, the *imposta sostitutiva* may be reduced (generally to 10%) or eliminated under certain applicable tax treaties entered into by Italy, if more favourable, subject to timely filing of the required documentation provided by Measure of the Director of the Italian Revenue Agency No. 2013/84404 of July 10, 2013.

Fungible issues

Pursuant to Article 11 (2) of Decree No. 239, where Issuer issues a new Tranche forming part of a single series with a previous Tranche, for the purposes of calculating the amount of Interest subject to *imposta sostitutiva* (if any), the issue price of the new Tranche will be deemed to be the same as the issue price of the original Tranche. This rule applies where (a) the new Tranche is issued within 12 months from the issue date of the previous Tranche and (b) the difference between the issue price of the new Tranche and that of the original Tranche does not exceed 1 per cent. of the nominal value of the Notes multiplied by the number of years of the duration of the Notes.

Interest and other proceeds from Notes not having 100 per cent. capital protection guaranteed by the Issuer

In case Notes representing debt instruments implying a "use of capital" do not incorporate an unconditional obligation to pay, at maturity, an amount not less than their nominal value (whether or not providing for interim payments) and/or they give any right to directly or indirectly participate in the management of the Issuer or of the business in relation to which they are issued and/or any type of control on the management, Interest in respect of such Notes may be subject to a withholding tax, levied at the rate of 26 per cent. under Law Decree No. 512 of 30 September 1983.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509/1994 and Legislative Decree No. 103/1996 may be exempt from any income taxation, including withholding taxes, on proceeds and other income relating to the Notes as above depicted if such financial instruments are included in a long-term savings account (*piano di risparmio a lungo termine*) pursuant to Article 1 (100-114) of the Finance Act 2017 and to Article 1 (211-215) of the Finance Act 2019 as implemented by the Ministerial Decree 30 April 2019 and for long-term individual savings account established from 1 January 2020, by Article 13-*bis* of Law Decree No. 124, all as lastly amended and supplemented by Article 136 of Law Decree No. 34.

Where the Noteholder is (a) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected, (b) an Italian company or a similar Italian commercial entity pursuant to Article 5 of TUIR (with the exception of a general partnership, a limited partnership and similar entities), (c) a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected, (d) an Italian commercial partnership or (e) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax; in all other cases, including when the Noteholder is a non-Italian resident, the withholding tax is a final withholding tax.

In the case of non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected, the withholding tax may be reduced pursuant to the applicable double tax treaty, if any, and subject to timely filing of required documentation.

Capital Gains Tax

Any gain obtained from the sale or redemption of the Notes would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Noteholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company or a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Where an Italian resident Noteholder is (i) an individual not engaged in entrepreneurial activities to which the Notes are connected; or (ii) a partnership not carrying out commercial activities; or (iii) a private or public institution not carrying out mainly or exclusively commercial activities, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the rate of 26 per cent. Under some conditions and limitations, Noteholders may set off losses with gains. In respect of the application of the *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below:

(a) Under the tax declaration regime (*regime della dichiarazione*), which is the standard regime for taxation of capital gains, the 26 per cent. *imposta sostitutiva* on capital gains will be chargeable, on an annual cumulative basis, on all capital gains, net of any offsettable capital loss, pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident investors must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in their annual tax return and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

(b) As an alternative to the tax declaration regime, Italian resident investors may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the *risparmio amministrato* regime provided for by Article 6 of the Legislative Decree No. 461 of 21 November 1997, as a subsequently amended, the "**Decree No. 461**"). Such separate taxation of capital gains is allowed subject to (a) the Notes being deposited with Italian banks, SIMs or certain authorised financial

intermediaries and (b) an express election for the *risparmio amministrato* regime being made timely in writing by the relevant Noteholder. The *risparmio amministrato* lasts for the entire fiscal year and unless revoked prior to the end of such year will be deemed valid also for the subsequent one. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes as well as in respect of capital gains realised at the revocation of its mandate, net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.

(c) Any capital gains realised or accrued by Italian resident investors who have entrusted the management of their financial assets, including the Notes, to an Italian asset management company and have opted for the so-called *risparmio gestito* regime (regime provided by Article 7 of Decree No. 461) will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Under this *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in the annual tax return.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities may be exempt from any capital gain taxation realized on the Notes if such financial instruments are included in a long-term savings account (*piano di risparmio a lungo termine*) pursuant to Article 1 (100-114) of the Finance Act 2017 and to Article 1 (211-215) of the Finance Act 2019 as implemented by the Ministerial Decree 30 April 2019 and for long-term individual savings account established from 1 January 2020, by Article 13-*bis* of Law Decree No. 124, all as lastly amended and supplemented by Article 136 of Law Decree No. 34.

Any capital gains realised by a Noteholder which is an OICR, will be included in the results of the relevant portfolio accrued at the end of the tax period. The OICR will not be subject to taxation on such result, but a withholding tax, up to 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders, or upon the sale or the redemption of the same units or shares.

Any capital gains realised by a Noteholder which is an Italian Real Estate OICR to which the provisions of Article 37 of Legislative Decree No. 58 of 24 February 1998, Decree No. 351, Law Decree No. 78 of 31 May 2010, converted into Law No. 122 of 30 July 2010, and Legislative Decree No. 44 of 4 March 2014, all as amended, apply, accrues to the tax year end appreciation of the managed assets, which is exempt from any income tax. A withholding tax may apply in certain circumstances at a rate of 26 per cent. on distributions made by Italian Real Estate OICRs, or upon the sale or the redemption of the units or shares. Subject to certain conditions, income realised by the Real Estate OICR is attributed to the investor irrespective of its actual collection and in proportion to the percentage of ownership of units on a tax transparency basis.

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by Article 17 of Decree No. 252) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the Pension Fund Tax. Subject to certain conditions, capital gains realisedin respect to the Notes may be excluded from the taxable base of the Pension Fund Tax if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) pursuant to Article 1, (100-114) of the Finance Act 2017 and to Article 1 (210-215) of the Finance Act 2019, as implemented by the

Ministerial Decree 30 April 2019 and for long-term individual savings account established from 1 January 2020, by Article 13-*bis* of the Law Decree No. 124, all as lastly amended and supplemented by Article 136 of Law Decree No. 34.

Capital gains realised by non-Italian resident Noteholders without a permanent establishment in Italy to which the Notes are effectively connected, from the sale or redemption of Notes issued by an Italian resident Issuer are not subject to Italian taxation, provided that the Notes are transferred on regulated markets and in certain cases subject to timely filing of required documentation (in the form of a declaration (*autocertificazione*) of non-residence in Italy) with Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the Notes are deposited, even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

Capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes not transferred on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (a) is resident in aWhite List country as defined above; or (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (c) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) is a certain foreign institutional investor which is established in a White List country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of residence.

In order to ensure gross payment, non-Italian resident Noteholders must satisfy the same conditions set forth above in order to benefit from the exemption from the *imposta sostitutiva* in accordance with Decree No. 239 and the relevant implementing rules as subsequently amended.

If the above conditions above are not met, capital gains realised by non-Italian resident Noteholders from the disposal or redemption of Notes issued by an Italian resident issuer and not traded on a regulated market is subject to taxation in Italy according to the ordinary rules. However, Noteholders may be able to benefit from an applicable double tax treaty with Italy providing that capital gains realised upon the sale or redemption of the Notes are taxed only in the country where the recipient is tax resident, subject to satisfying certain conditions and subject to timely filing of required documentation.

Tax Monitoring Obligations

Individuals, non-commercial entities and certain partnerships (in particular, *società semplici* or similar partnerships in accordance with Article 5 of TUIR) resident in Italy for tax purposes are required, in certain circumstances, to report in their annual income tax return according to Law Decree No. 167 of 28 June 1990 converted into law by Law No. 227 of 4 August 1990, as amended from time to time, for tax monitoring purposes, the amount of securities and financial instruments held abroad during a tax year, from which income taxable in Italy may be derived. The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the actual owner of the instrument. In relation to the Notes, such reporting obligation shall not apply if the Notes are not held abroad and, in any case, if the Notes are deposited with an Italian intermediary that intervenes in the collection of the relevant income and the intermediary applied withholding or substitute tax on income derived from the Notes.

Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006 ("**Decree No. 262**"), converted into Law No. 286 of 24 November 2006, as subsequently amended, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

(a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding EUR 1,000,000;

(b) transfers in favour of relatives to the fourth degree or relatives-in-law of a direct lineage or after relatives-in-law of a collated lineage up to the third degree are subject to an inheritance and gift tax applied at a rate of 6 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 EUR 100,000; and

(c) any other transfer, in principle, is 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 applies on the value exceeding EUR 1,500,000.

If the donee sells the Notes for consideration from the receipt thereof as a gift, the donee is required to pay the relevant *imposta sostitutiva* on capital gains as if the gift has never taken place.

The *mortis causa* transfer of financial instruments included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1 (100-114) of the Finance Act 2017 and Article 1 (211-215) of the Finance Act 2019 as implemented by the Ministerial Decree 30 April 2019 and for long-term individual savings account established from 1 January 2020, by Article 13-*bis* of Law Decree No. 124, all as lastly amended and supplemented by Article 136 of Law Decree No. 34. are exempt from inheritance tax.

Registration tax

Contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarised deeds executed in Italy are subject to fixed registration tax at rate of EUR 200; and (ii) private deeds are subject to registration tax only in case of use ("*caso d'uso"*) or voluntary registration or explit reference ("*enunciazione*").

Stamp duty

Pursuant to Article 13 par. 2/*ter* of the tariff Part I attached to Presidential Decree No. 642 of 26 October 1972, a proportional stamp duty is generally applicable in Italy (subject to certain exclusions/exceptions) to periodical communications sent by Italian financial intermediaries to clients, relating to financial instruments deposited with them.

The proportional stamp duty does not apply, *inter alia*, to communications sent by Italian financial intermediaries to subjects not qualifying as clients, as defined by Provision of the Governor of Bank of Italy 20 June 2012. Moreover, the proportional stamp duty does not apply, *inter alia*, to communications sent to pension funds and health funds.

Where applicable, the proportional stamp duty shall apply at a rate of 0.2 per cent. per annum and for subjects other than individuals a maximum cap is provided equal to EUR 14,000 per annum. Periodical communications to clients are presumed to be sent at least once a year, even though the intermediary is not required to send communication. In this case, the stamp duty is to be applied on 31 December of each year or in any case at the end of the relationship with the client.

The proportional stamp duty is applied on the market value of the financial instruments or, in the lack, on the nominal or redemption value thereof, as resulting from the communication sent to clients and is applicable both to Italian and non-Italian resident investors, for financial instruments deposited with intermediaries in Italy.

Wealth Tax on securities deposited abroad

According to Article 19 of Law Decree No. 201 of 6 December 2011, converted by Law No. 214 of 22 December 2011, as subsequently amended, Italian resident individuals, non-profit entities and certain

partnerships (*società semplici* or similar partnership in accordance with Article 5 of TUIR) holding financial instruments – including the Notes – abroad shall be generally subject to tax on the value thereof (the so-called "**Ivafe**"). Ivafe shall apply at a rate of 0.2 per cent. on the value or on the redemption value of the financial instruments and is due in proportion to the percentage of ownership and the holding period. The value of financial instruments is generally equal to the market value at the end of each calendar year (or at the end of the holding period) or – in the lack of the market value – on the nominal value or redemption value, or in the case the face or redemption values cannot be determined, on the purchase value of any financial assets held outside of the Italy. Pursuant to the provision of Article 134 of Law Decree No. 34, the wealth tax cannot exceed Euro 14,000 per year for taxpayers different from individuals.

A tax credit is generally allowed for any net worth tax paid abroad in relation to the financial instruments, in an amount not to exceed the Ivafe due. The financial assets held abroad are excluded from the scope of the wealth tax, if such financial assets are administered by Italian financial intermediaries pursuant to an administration agreement.

Details of financial instruments held abroad have to be inserted in the income tax return to be filed in Italy by the Italian resident individuals.

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 by 2014/107/UE, 2015/2376/UE, 2016/881/UE; 2016/2258/UE and 2018/822/UE), on administrative cooperation in the field of taxation (the "**DAC**").

The main purpose of the DAC is to extend the automatic exchange of information mechanism between Member State, in order to fight against cross border tax fraud and tax evasion. The new regime under DAC is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014.

Prospective investors should consult their tax advisers on the tax consequences deriving from the application of the Directive on Administrative Cooperation.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated dealer agreement (such dealer agreement as modified and/or supplemented and/or restated from time to time, the "**Dealer Agreement**") dated 22 December 2020, agreed with the Issuer the basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Dealer Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with this and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and U.S. Treasury regulations promulgated thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons, except in accordance with Regulation S of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of Sales to EEA and UK Retail Investors

Unless the Final Terms in respect of any Notes specifies the "*Prohibition of Sales to EEA and UK Retail Investors*" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA or in the UK. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

  (ii) a customer within the meaning of Directive (EU) 2016/97, as amended, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"), and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms in respect of any Notes specifies "*Prohibition of Sales to EEA and UK Retail Investors*" as "Not Applicable", in relation to each Member State of the EEA and the UK (each a "**Relevant State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant State, except that it may make an offer of such Notes to the public in that Relevant State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression "**an offer of Notes to the public**" in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the "**FIEA**") and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organised under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Republic of Italy

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Base Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except in circumstances falling within Article 1(4) or 3(2) of the Prospectus Regulation and Article 34-ter of CONSOB Regulation No. 11971 of 14 May, 1999, as amended from time to time.

Any offer, sale or delivery of the Notes or distribution of copies of this Base Prospectus or any other document relating to the Notes in the Republic of Italy under the preceding paragraph must be:

(a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "**Banking Act**"); and

(b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

France

This Base Prospectus has not been approved by the *Autorité des marchés financiers* (AMF).

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France (other than to qualified investors as described below), and it has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France (other than to qualified investors as described below) this Base Prospectus and any other material relating to the Notes, and that such offers, sales and distributions have been and shall only be made in France to qualified investors (*investisseurs qualifiés*) other than individuals acting for their own account, all as defined in, and in accordance with the Prospectus Regulation and any applicable French law and regulation.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Cap. 289 of Singapore (the "**SFA**"). Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase nor will it offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, nor has it 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 SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions

specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contract (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor (under Section 274 of the SFA) or to a relevant person as defned in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Switzerland

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that: (i) the Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act dated 15th June 2018 (the "**FinSA**") and will not be admitted to trading on a trading venue (exchange or multilateral trading facility) in Switzerland; (ii) neither this Base Prospectus nor any Final Terms nor any other offering or marketing material relating to any Notes (x) constitutes a prospectus as such term is understood pursuant to the FinSA or (y) has been or will be filed with or approved by a Swiss review body pursuant to article 52 of the FinSA; and (iii) neither this Base Prospectus nor any Final Terms nor other offering or marketing material relating to any Notes may be publicly distributed or otherwise made publicly available in Switzerland.

General

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The establishment of the Programme has been duly authorised by a resolution of the Board of Directors of the Issuer dated 25 June 2014. The update of the Programme has been duly authorised by the resolutions of the Board of Directors of the Issuer dated 18 December 2020.

The issue of the Notes under the Programme will be authorised prior to each relevant issue of Notes by the competent bodies of the Issuer in accordance with applicable laws and the relevant provisions of the Issuer's by-laws.

Approval of Base Prospectus, Admission to Trading and Listing of Notes on Euronext Dublin

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

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available from https://www.2iretegas.it/en/investor-relations/programma-emtn/:

(a) the By-laws (*statuto*) (with an English translation thereof) of the Issuer;

(b) the most recently published audited consolidated annual financial statements of the Issuer (with an English translation thereof) together with the audit reports prepared in connection therewith;

(c) the most recently published unaudited consolidated semi-annual financial statements of the Issuer;

(d) the Trust Deed;

(e) a copy of this Base Prospectus; and

(f) any future base prospectuses, prospectuses, information memoranda, supplements to this Base Prospectus and Final Terms (save that a Final Terms relating to a Note which is not admitted to trading on a regulated market in the EEA will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the relevant Issuer as to its holding of Notes and identity) and any other documents incorporated herein or therein by reference.

In addition, this Base Prospectus, each Final Terms relating to Notes which are admitted to trading on the Euronext Dublin's regulated market and each document incorporated by reference are available on Euronext Dublin's website at www.ise.ie.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg which are the entities in charge of keeping the records. The appropriate Common Code, ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Adverse Change

Save as disclosed in the section "*Description of the Issuer – Recent Developments*" above, there has been no material adverse change in the prospects of the Issuer since 31 December 2019 and there has been no significant change in the financial performance or financial position of the Group since 30 June 2020.

Litigation

Save as disclosed in the section "*Description of the Issuer – Legal Proceedings*" above, neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

Independent Auditors

The current auditors of the Issuer are PricewaterhouseCoopers S.p.A., with registered office at Piazza Tre Torri 2, Milan 20145, Italy, who are registered under No. 119644 in the Register of Statutory Auditors (*Registro dei Revisori Legali*) maintained by the Ministry of Economy and Finance (*Ministero dell'Economia e delle Finanze*) in accordance with Legislative Decree No. 39 of 27 January 2010, as amended. PricewaterhouseCoopers S.p.A. was appointed as auditor for the period 2015 to 2023 by the shareholders' meeting of the Issuer held on 29 April 2015 and has audited the consolidated financial statements of the Issuer as of and for the years ended 31 December 2018 and 31 December 2019.

Use of Foreign Language Terms

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

Post-issuance information

The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes, except if required by any applicable laws and regulations.

Dealers transacting with the Issuer

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Dealers and their

affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Some or all of the Dealers, or their affiliates, have lending relationships with the Issuer and certain companies within the Issuer's group, and a conflict of interests exists in as much as part of the proceeds from the issue of the Notes will be used to repay previous loans granted to the Issuer's group and the Dealers will receive commissions on the Notes (as further described in "*Use of Proceeds*"). Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purposes of this paragraph the term "affiliates" includes parent companies.

In particular, the Intesa Sanpaolo banking group (the "**Intesa Sanpaolo Group**"), which includes Intesa Sanpaolo S.p.A. (one of the Dealers), and the UniCredit banking group (the "**UniCredit Group**"), which includes UniCredit Bank AG (one of the Dealers), each holds an interest of 9.995 per cent. of the share capital of the company (F2i SGR) that set up and manages the closed end investment funds reserved to qualified investors named "Terzo Fondo F2i" (the "**Third Fund**"), into which have been merged by way of incorporation the "F2i – Fondo Italiano per le Infrastrutture" or "First Fund" and "F2i – Secondo Fondo Italiano per le Infrastrutture" (the "**Second Fund**").

As at the date of this Base Prospectus, F2i SGR, in the name, on behalf and in the interest of the Third Fund holds the majority of the share capital in the Issuer. The Intesa Sanpaolo Group and UniCredit Group has each appointed one or more members of the Board of Directors or other corporate bodies of F2i SGR and the Second Fund. Furthermore the Intesa Sanpaolo Group and UniCredit Group have appointed, together with other shareholders, one member and one alternative member of the Board of Statutory Auditors.

One or more of the companies of the Intesa Sanpaolo Group have granted significant financing to the Issuer and/or its parent and group companies.

One or more of the companies of the Intesa Sanpaolo Group are one of the main financial lenders of the Issuer and/or its parent and group companies.

The Intesa Sanpaolo Group and UniCredit Group are also investors of the Third Fund.

ANNEX 1 - FURTHER INFORMATION RELATED TO INFLATION LINKED NOTES

The Issuer can issue Notes which are linked to an index pursuant to the Programme, where the underlying index is the CPI or the Eurozone Harmonised Index of Consumer Prices excluding Tobacco as defined below.

"*CPI or ITL – Inflation for Blue Collar Workers and Employees – Excluding Tobacco Consumer Price Index Unrevised*" means, subject to the Conditions, the "*Indice dei prezzi al consumo per famiglie di operai e impiegati (FOI), senza tabacchi*" as calculated on a monthly basis by the *ISTAT – Istituto Nazionale di Statistica* (the "**Italian National Institute of Statistics**") (the "**Index Sponsor**") which appears on Bloomberg Page ITCPIUNR (or such other page as may replace that page on that service, or such other service as may be nominated as the information vendor, for the purpose of displaying the level of such index), *provided that* for the purposes of the calculation of the Rate of Interest and the Final Redemption Amount, the first publication or announcement of a level of the inflation Index (excluding estimates) by the Index Sponsor for a given month shall be final and conclusive and later revisions of the level for such month will not be used in any calculations.

Eurostat Eurozone Harmonised Indices of Consumer Prices excluding Tobacco Unrevised Series Non Seasonal Adjusted

The Eurozone Harmonised Index of Consumer Prices excluding Tobacco (HICP), as calculated and published by EUROSTAT and the national statistical institutes in accordance with harmonised statistical methods (the "**HICP**") is an economic indicator constructed to measure the changes over time in the prices of consumer goods and services acquired by households in the Eurozone. Following the Maastricht Treaty, the HICPs have been used as convergence criteria and the main measure for monitoring price stability by the European Central Bank in the Euro area, as well as for use on international comparison.

HICP is the aggregate of the Member States' individual harmonised index of consumer prices excluding tobacco ("**Individual HICP**"). Each country first publishes its Individual HICP in conjunction with its consumer price index. Thereafter, Eurostat aggregates the Individual HICPs and publishes an HICP for the Eurozone, as well as a breakdown by item and by country. In any specific year, each country's weight in the HICP for the Eurozone equals the share that such country's final household consumption constitutes within that of the Eurozone as a whole for the year that is prior to that specified year. These weights are re estimated every year in the January publication of the HICP.

HICP is said to be harmonised because the methodology and nomenclatures for the index of prices are the same for all of the countries in the Eurozone and the European Union. This makes it possible to compare inflation among different Member States of the European Union. Emphasis is placed on the quality and comparability of the various countries' indices.

HICP is calculated as an annual chain index, which makes it possible to change the weights every year. This also makes it possible to integrate new entrants, as in the case of Greece in January 2001. If a new entrant is integrated in a specific year, it is included in the Eurozone HICP starting from January of that year. The new Member State's weight is included in the annual revaluation of the HICP.

HICP is published every month on Eurostat's internet site, according to a pre determined official timetable. Publication generally occurs around the 14th - 16th day of the following month. If a revision is made, it is published with the HICP of the following month.

Base Year Change

In Europe, the national statistics institutes change the base year of their price indices every 5 to 10 years. This procedure is necessary to ensure that the index follows changes in the consumption pattern through a new consumer spending nomenclature. The resetting of the base generally accompanies changes in the definition of household consumption that occur when the national accounting system is modified. Since 2006, the index

reference period has been set to 2005 = 100. In order to obtain a common price reference period, too, the weights for each year are “price updated” to December of the previous year.

More information on the HICP, including past and current levels, can be found at: *http://ec.europa.eu/eurostat/web/hicp/overview*.

ISSUER

2i Rete Gas S.p.A.
Via Alberico Albricci, 10
20122 Milan
Italy

ISSUING AND PRINCIPAL PAYING AGENT

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

TRUSTEE

Deutsche Trustee Company Limited
Winchester House
1 Great Winchester Street
London EC2N 2DB
United Kingdom

LEGAL ADVISERS

To the Issuer as to Italian law and Italian tax law

Legance Avvocati Associati
Via Broletto, 20
20121 Milan
Italy

To the Dealers and the Trustee as to English and Italian law

Simmons & Simmons

Via Tommaso Grossi, 2
20121 Milan
Italy

Citypoint
One Ropemaker Street
London EC2Y 9SS
United Kingdom

AUDITORS TO THE ISSUER

PricewaterhouseCoopers S.p.A.
Piazza Tre Torri 2
20145 Milan
Italy

LISTING AGENT

Walkers Listing Services Limited
5th Floor, The Exchange
George's Dock, IFSC
Dublin 1, D01 W3P9
Ireland

ARRANGERS

BNP Paribas
16, boulevard des Italiens
75009 Paris
France

UniCredit Bank AG
Arabellastrasse 12
81925 Munich
Germany

DEALERS

Barclays Bank Ireland PLC
One Molesworth Street
Dublin 2 D02 RF29
Ireland

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

BNP Paribas
16, boulevard des Italiens
75009 Paris
France

BofA Securities Europe SA
51 rue La Boétie
75008 Paris
France

Crédit Agricole Corporate and Investment Bank
12, Place des Etats-Unis
CS 70052
92 547 Montrouge Cedex
France

Goldman Sachs International
Plumtree Court
25 Shoe Lane
London EC4A 4AU
United Kingdom

Intesa Sanpaolo S.p.A.
Divisione IMI Corporate & Investment Banking
Via Manzoni 4
20121 Milan
Italy

J.P. Morgan AG
Taunustor 1 (TaunusTurm)
60310 Frankfurt am Main
Germany

Mediobanca – Banca di Credito Finanziario S.p.A.
Piazzetta Enrico Cuccia, 1
20121 Milan
Italy

Morgan Stanley & Co. International plc
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

NATIXIS
30 avenue Pierre Mendès – France
75013 Paris
France

Société Générale
29, boulevard Haussmann
75009 Paris
France

UniCredit Bank AG
Arabellastrasse 12
81925 Munich
Germany