Prospectus

COMPAGNIA VALDOSTANA DELLE ACQUE - COMPAGNIE VALDÔTAINE DES EAUX S.p.A.

(incorporated with limited liability under the laws of the Republic of Italy)

€50,000,000 1.119% Notes due 22 November 2028

The €50,000,000 1.119% Notes due 22 November 2028 (the "**Notes**") of Compagnia Valdostana delle Acque – Compagnie Valdôtaine des Eaux S.p.A. ("**CVA**" or the "**Issuer**" or the "**Company**") are expected to be issued on 22 November 2021 (the "**Closing Date**") at an issue price of 100 per cent. of their principal amount.

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on 22 November 2028. The Notes are subject to redemption in whole at their principal amount at the option of the Issuer: (i) in the last three months prior to their scheduled redemption date; and (ii) at any time in the event of certain changes affecting taxation in the Republic of Italy. In addition, each holder of a Note may require the Issuer to redeem such Note at their principal amount upon the occurrence of a Put Event (as defined below). See "*Terms and Conditions of the Notes - Redemption and Purchase*".

The Notes will bear interest from (and including) 22 November 2021 at a rate of 1.119 per cent. per annum, which will be payable annually in arrear on 22 November each year commencing on 22 November 2022. Payments on the Notes will be made in Euros without deduction for or on account of taxes imposed or levied by the Republic of Italy to the extent described under "*Terms and Conditions of the Notes - Taxation*".

This prospectus (the "**Prospectus**") constitutes a prospectus for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and has been approved by the Central Bank of Ireland (the "**Central Bank**") as competent authority under the Prospectus Regulation. The Central Bank only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation and such approval should not be considered as an endorsement of the Issuer or of the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Application has been made to the Irish Stock Exchange plc, trading as Euronext Dublin ("**Euronext Dublin**") for the Notes to be admitted to the Official List and trading on its regulated market. This Prospectus is available for viewing on Euronext Dublin's website (*https://live.euronext.com*) and both this Prospectus and the information incorporated by reference herein may be accessed on the Issuer's website (*www.cvaspa.it*) (see "*Information Incorporated by Reference*").

An investment in the Notes involves certain risks. For a discussion of these risks, see "*Risk Factors*" on page 9.

The Notes will be issued in new global note ("**NGN**") form and are intended to constitute eligible collateral for Eurosystem monetary policy and intra-day credit operation by the Eurosystem, provided that the other eligibility criteria are met. The Notes will be in bearer form and in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000. The Notes will initially be in the form of a temporary global note (the "**Temporary Global Note**"), which will be deposited on or around the Closing Date with a common safekeeper for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme, Luxembourg ("**Clearstream, Luxembourg**"). The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the "**Permanent Global Note**") not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form. See "*Summary of Provisions relating to the Notes in Global Form*".

The Notes have not been, and will not be, registered under the United States Securities Act of 1933 (the "**Securities Act**") and are subject to United States tax law requirements. The Notes are being offered outside the United States in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes are expected to be rated "Baa2" by Moody's Investors Service España, S.A. ("**Moody's**") and "BBB+" by Fitch Ratings Ireland Limited ("**Fitch**"). Moody's and Fitch are established and operating in the European Union and registered under Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**"). As such, both are included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at *http://www.esma.europa.eu/page/List-registered-and-certified-CRAs*) in accordance with the CRA Regulation. **A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.**

Sole Bookrunner

UniCredit

18 November 2021

IMPORTANT NOTICES

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

The Issuer has confirmed to UniCredit Bank AG (the "**Sole Bookrunner**") that this Prospectus contains all information regarding the Issuer and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading in any material respect; any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer are honestly held or made and are not misleading in any material respect; this Prospectus does not omit to state any material fact necessary to make such information contained herein (in such context) not misleading in any material respect; and all reasonable enquiries have been made to ascertain and to verify the foregoing.

This Prospectus should be read in conjunction with all information which is incorporated by reference in and forms part of this Prospectus (see "*Information Incorporated by Reference*").

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Prospectus or as approved in writing for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or the Sole Bookrunner.

Neither the Sole Bookrunner nor any of its affiliates (including its parent company) has authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus or any responsibility for the acts or omissions of the Issuer or any other person (other than the Sole Bookrunner) in connection with the issue and offering of the Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied by the Issuer in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same, or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise), results of operation, business and prospects of the Issuer since the date of this Prospectus. The Issuer is under no obligation to update the information contained in this Prospectus after the initial distribution of the Notes and their admission to trading on the regulated market of Euronext Dublin. Furthermore, save as required by applicable laws or regulations or the rules of any relevant stock exchange, or under the terms and conditions relating to the Notes, the Issuer will not provide any post-issuance information to investors.

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Sole Bookrunner that any recipient of this Prospectus or any other information supplied in connection with the offering of the 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. The content of this Prospectus should not be construed as providing legal, business, accounting or tax advice and each recipient of this Prospectus shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and to have consulted its own legal, business, accounting, tax and other professional advisers. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Sole Bookrunner to any person to subscribe for or to purchase any Notes.

SUITABILITY OF INVESTMENT

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

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

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

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

(iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of financial markets; and

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

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 (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to the 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.

The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Sole Bookrunner to inform themselves about and to observe any such restrictions. Neither the Issuer nor the Sole Bookrunner represent that this Prospectus may be lawfully distributed, or that the 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, nor do they assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer or the Sole Bookrunner which is intended to permit a public offering of the Notes or the distribution of this 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 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.

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

investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

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

MIFID II PRODUCT GOVERNANCE / TARGET MARKET: Solely for the purposes of the 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 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 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 manufacturers' target market assessment) and determining appropriate distribution channels.

UK MIFIR PRODUCT GOVERNANCE / TARGET MARKET: Solely for the purposes of the manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook ("**COBS**"), and professional clients, as defined in Regulation (EU) No. 600/2014 as it forms part of domestic law by virtue of the EUWA ("**UK MiFIR**"); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any distributor (as defined above) should take into consideration the manufacturers' target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

For a description of certain other restrictions on offers, sales and deliveries of Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*". In particular, the Notes have not been and will not be registered under the Securities Act and are subject to United States 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.

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

Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown

as totals in certain tables, including percentages, may not be an arithmetic aggregation of the figures which precede them.

CERTAIN DEFINED TERMS

In this Prospectus, unless otherwise specified:

(i) references to "**billions**" are to thousands of millions;

(ii) references to the "**Conditions**" are to the terms and conditions relating to the Notes set out in this Prospectus in the section "*Terms and Conditions of the Notes*" and any reference to a numbered "**Condition**" is to the correspondingly numbered provision of the Conditions;

(iii) references to "**€",** "**EUR**" or "**Euro**" are to the single currency introduced at the start of the third stage of the European Economic and Monetary Union and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended;

(iv) the "**Group**" or the "**CVA Group**" means the group consisting of the Issuer and its consolidated subsidiaries;

(v) references to "**IFRS**" are to International Financial Reporting Standards, as adopted by the European Union;

(vi) the "**Issuer**", the "**Company**" or "**CVA**" means Compagnia Valdostana delle Acque – Compagnie Valdôtaine des Eaux S.p.A.; and

(vii) references to a "**Member State**" are references to a Member State of the European Economic Area.

THIRD PARTY INFORMATION

This Prospectus contains information sourced from the Italian Regulatory Authority for Power, Networks and the Environment (*Autorità di Regolazione per Energia Reti e Ambiente* or "**ARERA**"). Such information has been reproduced accurately in this Prospectus and, as far as the Issuer is aware and is able to ascertain from information published by ARERA, no facts have been omitted which would render such reproduced information inaccurate or misleading.

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain statements that are, or may be deemed to be, forward-looking, including statements with respect to the Issuer's and the Group's business strategies, expansion of operations, trends in their business and their competitive advantage, information on technological and regulatory changes and information on exchange rate risk, and generally includes all statements preceded by, followed by or that include the words "believe", "expect", "project", "anticipate", "seek", "estimate" "aim", "intend", "plan", "continue" or similar expressions. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which are made only as at the date of this Prospectus.

The Issuer does not intend, and does not assume any obligation, to update forward-looking statements set out in this Prospectus. Many factors may cause the Issuer's or the Group's results of operations,

financial condition, liquidity and the development of the industries in which they compete to differ materially from those expressed or implied by the forward-looking statements contained in this Prospectus.

The risks described under "*Risk Factors*" in this Prospectus are not exhaustive. Other sections of this Prospectus describe additional factors that could adversely affect the Issuer's and the Group's results of operations, financial condition and liquidity, and the development of the industries in which they operate. New risks can emerge from time to time, and it is not possible for the Issuer to predict all such risks, nor can the Issuer assess the impact of all such risks on their business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not rely on forward-looking statements as a prediction of actual results.

PRESENTATION OF FINANCIAL INFORMATION

This Prospectus incorporates by reference the translation into English of the audited consolidated financial statements of the Issuer as of 31 December 2020 and 2019, and for the years then ended.

The consolidated financial statements of the Issuer as of and for the years ended 31 December 2020 and 2019 have been prepared by the Issuer's management in accordance with IFRS and have been audited without qualification by EY S.p.A. as stated in the English translations of their audit reports incorporated by reference in this Prospectus. See "*Information Incorporated by Reference*".

The Issuer's historical financial and operating results may not be representative of its future results, operations and financial condition, and are not intended to be indicative of its future performance. In addition, the selected financial information included in this Prospectus does not reflect forward-looking information and are not intended to present the expected future results of CVA Group, given that these have been included solely for the purposes of illustrating the identifiable and objectively measurable effects of the transactions, applied to historical financial information. Although the Issuer accepts responsibility for the fairness and accuracy of its historic financial information, there can be no assurance of the Group's continued profitability or that the Group's future performance will be similar to that experienced to date and described in this Prospectus.

ALTERNATIVE PERFORMANCE MEASURES

In order to better evaluate the CVA's financial management performance, management has identified alternative performance measures ("**APMs**" and, each, an "**APM**"), as defined in the guidelines issued on 5 October 2015 by the European Securities and Markets Authority ("**ESMA**") (ESMA/2015/1415), concerning the presentation of APMs disclosed in regulated information and prospectuses published on or after 3 July 2016 which, although not recognised as financial measures under International Financial Reporting Standards ("**IFRS**"), are used by the management of the Issuer to monitor the Group's financial and operating performance. Management believes that these APMs provide useful information for investors as regards the financial position, cash flows and financial performance of the same, because they facilitate the identification of significant operating trends and financial parameters.

This Prospectus includes the information on the CVA Group's EBITDA, which is an alternative performance measure, as defined by the ESMA's Guidelines on Alternative Performance Measures (defined above), and is used by the management of the Issuer to monitor its financial and operating performance:

EBITDA is defined as net result for the period excluding income taxes, net financial expenses, depreciation and amortisation, provision and write-downs.

The Company presents EBITDA because management believes it is a meaningful measure to evaluate the Group's operating performance on a consistent basis over time. EBITDA makes the underlying performance of the Group's business more visible by factoring out depreciation, amortisation, interest income and interest expenses and income tax expenses. This measure is also commonly used by investors, analysts and rating agencies to assess performance.

The following table sets forth a reconciliation of EBITDA to period net result indicated:

	Year ended 31 December	
	2020	**2019**
	(thousands of Euro)	
Period net result	**61,230**	**75,771**
Income taxes	23,260	27,981
Financial income	(3,115)	(5,447)
Financial expenses	5,824	5,793
Amortisation/depreciation	51,059	50,231
Provisions and write-downs	677	(1,871)
EBITDA	**138,933**	**152,458**

It should be noted that:

- APMs are based exclusively on the Group’s historical data and are not indicative of future performance;
- APMs are not derived from IFRS and they are not subject to audit;
- APMs are non-IFRS financial measures and are not recognised as a measure of performance or liquidity under IFRS and should not be recognised as alternative to performance measure derived in accordance with IFRS or any other generally accepted accounting principles;
- APMs should be read together with financial information for the Group taken from the consolidated financial statements of the Issuer;
- as APMs are non-IFRS measures, the definitions of APMs used by the Group may differ from, and therefore not be comparable to, those used by other companies/groups; and
- APMs and definitions used herein are consistent and standardised for all the period for which financial information in this Prospectus are included.

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RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and the industries in which it operates, together with all other information contained in this Prospectus, including in particular, the risk factors described below, and any document incorporated by reference in this Prospectus. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this section.

Prospective investors should note that the risks relating to the Issuer, the industries in which it operates and the Notes are the risks that the Issuer believes, based on information currently available to it, to be the most relevant to an assessment by a prospective investor of whether to consider an investment in the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. However, the inability of the Issuer to pay interest, repay principal or pay other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate.

The risks that are specific to the Issuer are presented in eight categories and those specific to the Notes are presented in two categories, in each case with the most material risk factors presented first in each category. Additional risks and uncertainties relating to the Issuer and the industries in which it operates that are not currently known to the Issuer or which it currently deems immaterial may also, either individually or cumulatively, have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and the Group.

Prospective investors should also read the detailed information set out elsewhere in this Prospectus, including any information incorporated by reference in this Prospectus, and reach their own views, prior to making any investment decision, based upon their own judgment and individual circumstances, and upon advice from such financial, legal, tax and other professional advisers as they deem necessary.

MATERIAL RISKS THAT ARE SPECIFIC TO THE ISSUER

The risks under this heading are divided into the following categories:

- *Risks relating to the Issuer's activities and its status as a Government controlled entity operating within a highly regulated sector*
- *Risks relating to the industry in which the Issuer operates*
- *Risks relating to general economic conditions*
- *Risks related to financial indebtedness*
- *Liquidity risk*
- *Credit risk*
- *Risks related to legal proceedings*

Risk factors related to the Issuer's activities and to its status as a Government controlled entity operating within a highly regulated sector

The Issuer's activity is in a highly regulated business sector

Due to the Issuer's status as a utility company producing and dispatching electricity to the grid and selling electricity to customers under the free market regime (so-called *mercato libero*) and the regulated market regime (so-called *maggior tutela* or enhanced protection), the Group is required to comply with a wide range of laws and regulations governing administrative concessions, technical and operating

requirements for power plants and the distribution network operated by the Issuer, the operation of energy markets, production capacity remuneration systems, incentives schemes for the production of electricity from renewable sources, and the setting of tariffs for the electricity distribution activities and of the relevant market prices.

Specifically, the Group and the plants which it operates are subject to EU, national and regional regulations that apply to multiple aspects of the Group's activities across the entire electricity production sector. These regulations concern, *inter alia*, the construction of power plants, their operation and the protection of the environment. The viability and profitability of the production of electricity from renewable energy sources may also depend on the regulatory system that governs it, in particular with respect to rules and requirements relating to prices chargeable for the energy produced, or eligibility for the applicable incentive schemes and other support mechanisms (such as the dispatching priority and capacity payment rules).

The adoption of more restrictive or unfavourable regulatory provisions, such as the obligation to modify or refit existing plants, or the requirement for certain adjustments to be made to the operation of the plants, the reduction of public incentives or changes in tax rates, could trigger an increase in production costs or required investments, or in any event affect the Issuer's ability to carry out its business activities.

The electricity distribution and sale sectors in Italy are also heavily regulated and characterised by the regular supervision and intervention by independent authorities and entities with various responsibilities and regulatory power, as well as sanction powers, including the Italian Regulatory Authority for Power, Networks and the Environment (*Autorità di Regolazione per Energia Reti* e *Ambiente* or "**ARERA**"). Both the Group's electricity distribution service and electricity sales business are regulated by the guidelines issued by ARERA, which by way of example set minimum service quality levels, as well as certain standards of security and continuity with respect to electricity distribution, and impose periodic reporting obligations, including power sold through wholesale agreements. Failure to comply with these standards may result in the Group having to pay indemnities to end users, penalties and/or fines.

With specific reference to the renewable energy sector, the complexity of the applicable regulatory framework, which falls within the authority of both national and local regulators, and the interpretation of those regulations by the relevant authorities which is not always consistent across the country or over time, especially in the context of autonomous regions such as Valle d'Aosta, all contribute to heighten the complexity of the challenges faced by the Issuer. In addition, although as of the date of this Prospectus all of the Issuer's plants are located in Italy, the Issuer may consider in the future making acquisitions outside of Italy. If so, their operations would become in part subject to different regulations and to foreign regulatory authorities.

The complexity of interpreting and applying these regulations, and the possibility that their interpretation by regulatory authorities may vary, or that new rules are introduced in the future, exposes the Group's operations to risks of delays, inefficiencies, increased costs and/or legal disputes, all of which could have a material adverse effect on the Issuer's and the Group's business, financial condition, results of transactions and/or prospects.

Finally, as of the date of this Prospectus, the Issuer (through its subsidiary, CVA Energie S.r.l. ("**CVA Energie**") is the sole provider of electricity to the regulated market within the Valle d'Aosta region. Regulated market customers are those retail customers and small companies who have not decided to purchase electricity on the free market having opted for the price protection regimes regulated by ARERA, and who are therefore eligible to make such selection. Due to changes in legislation providing for the termination of price protection regimes for customers in the electricity sectors from 1 January 2023, there is no assurance that the Issuer will continue to supply a large number of small consumers, who may be switched to the free market or may be supplied by an alternative safeguard supplier.

The Issuer is subject to strict regulations designed to ensure the preservation of hydroelectric water sources

The production of electricity from hydroelectric sources is subject to regulation from EU, national, and regional authorities which impose standards for the protection and the integrated management of water courses. In particular, the issuer is subject to the requirements of the Minimum Vital Outflow of water resources (*Deflusso Minimo Vitale* or "**DMV**"), which is a factor regulating waters diversions that entails limitations on the exploitation of water for energy purposes, aimed at protecting water resource and local environment.

The process of updating the Regional Water Protection Plan (*Piano di Tutela delle Acque* or "**PTA**") currently ongoing in the Valle d'Aosta region envisages the transition from Minimum Vital Outflow to Ecological Outflow (see "*Regulatory Framework – Production of energy from FER – Ecological Runoff ("DMV")*" below), with a recalibration of the obligations connected with the water release of the intake works of the hydroelectric plants. This regulatory evolution provides for a testing period of five years, with the new release limits coming into force in 2025.

An increase in DMV flow values compared to the values currently applicable to the plants of CVA Group or the introduction of new operational limits or adaptation duties of the plants to the new requirements may have an impact on CVA Group in terms of potential reduction of production from hydroelectric plants and additional operational costs. The possible absence of feasible solutions that allow the Group to minimise the loss of production in the planned experimentation period could have a significant financial impact on the Group at the time of effective entry into force of the new limits, which will be felt only from the year 2025.

In addition, in case of breach of the regulation or prescription related to the DMV, the CVA Group could be subject to penalties, fees, or limitations on its activities which could have an adverse effect on the Group's business and financial condition.

The Issuer might not be re-awarded concessions for operation of its hydroelectric plants and electricity distribution service

CVA Group holds concessions related to the operation of large-scale hydroelectric plants and, through its wholly-owned subsidiary Deval S.p.A. ("**Deval**"), the electricity distribution service. Most of the hydroelectric concessions are due to expire in 2029 (see "*Description of the Issuer – Business - Hydroelectric*"). Upon expiration, the large-scale hydroelectric concessions are to be awarded in accordance with public tender rules as set out in Article 12 of Legislative Decree No. 79 of 16 March 1999, as amended from time to time (the "**Bersani Decree**"), which regional governments in Italy must implement by the adoption of regional legislation. By contrast, small-scale hydroelectric concessions (five plants) may be renewed upon expiration subject to an administrative procedure.

The electricity distribution service concessions, on the other hand, are due to expire in 2030 and, in a similar way, are expected to be subject to a public tender procedure.

As at the date of this Prospectus, the Valle d'Aosta Region has not yet adopted the relevant law implementing Article 12 of the Bersani Decree within the timeframe required under Article 12 and Article 125-*bis*, paragraph 2, of Law Decree No. 18/2020 (i.e. by May 2021). As a result: (i) the Minister of Economic Development, jointly with the Minister of Ecological Transition and the Minister of Infrastructure and Sustainable Mobility is entitled to adopt the relevant regulation by 31 July 2022. As at the date of this Prospectus, such ministerial regulation has not been adopted yet, the Minister of Infrastructure and Sustainable Mobility is entitled to replace the Region to launch the procedures to re-award large-scale hydroelectric concessions based on the above mentioned ministerial regulation.

Moreover, further provisions relating to the awarding of large-scale hydroelectric concessions are expected to be included in the annual market and competition law for 2021 (the "**Annual Market and**

Competition Law"). A draft of the Annual Market and Competition Law was filed with the Council of Ministers on 4 November 2021 for the purposes of the subsequent approval by the Parliament. In this respect, Article 5 of such draft contains certain amendments to Article 12 of the Bersani Decree (see "*Regulatory Framework – Production of energy from FER – Derivation concessions (concessioni derivative delle acque)*" below), which consists mainly of:

- the large-scale hydroelectric concessions being regulated also by general and uniform criteria at central level;
- the Regions: (a) setting certain criteria regulating the duration of concessions and the relevant economic conditions, and (b) harmonising access criteria to tendering criteria (to create a predictable business environment); and
- the phasing-out of the possibility of extending hydroelectric concessions.

Under the current regulations, no specific priority, preemption right or other procedural advantage (with the exclusion of concessions related to hydroelectric plants operated on the basis of small-scale hydroelectric concessions) is allowed for the benefit of current concession holders (see "*Regulatory Framework – Production of energy from FER – Derivation concessions (concessioni derivative delle acque)* below). In addition, although there are provisions setting out criteria for the calculation of the indemnity that falls due to an outgoing concession holder where a concession is not re-awarded to the same outgoing concession holder, these may be open to interpretation, giving rise to uncertainty and a greater risk of disputes. Furthermore, concessions impose specific obligations, restrictions and technical requirements to be complied with; if the Issuer is found to be in breach of any of the material terms on which a concession is granted, the relevant concession may be revoked or terminated early, or the Issuer may be subject to monetary fines, penalties or other restrictions.

Failure to be re-awarded concessions for the operation of hydroelectric plants or for the electricity distributions service under Article 12 would have a significant impact on the CVA Group. Furthermore, there are potential risks arising from any conditions under a new award that are less favourable than those previously in force or from disputes or appeals by third parties. All of the above scenarios could have a material adverse effect on the Issuer's and the Group's business, financial condition and results of operations.

Risks related to the distribution of electricity

Deval provides electricity distribution and metering services in the Valle d'Aosta region pursuant to the concession issued by the State and subject to the regulation set forth by ARERA concerning the electricity distribution sector. The concession and ARERA's regulations impose specific and ongoing obligations on Deval, including requirements relating to the day-to-day and extraordinary maintenance of the grid, the planning of regular maintenance interventions, the obligation to connect to the Issuer's grid any customer who so requests, proper metering of electricity, ensuring grid security and indemnifying users for loss, and compliance with any electricity tariff regulations in force. If Deval were not able to satisfy, or were found not to have satisfied, those obligations, it could be exposed to fines and penalties, or the concession for the distribution of electricity and the provision of metering services may be suspended or revoked, which in either case could have a material adverse effect on the Issuer's and the Group's business, financial condition and results of operations.

The Issuer is subject to stringent public procurement rules for part of its purchases of goods and services

Given that the Issuer is a regional-controlled entity and that it operates in the utility market, it is subject to stringent public procurement rules for some of its purchases of goods and services imposed by a variety of regional, national and European rules and statutes. The Issuer is also subject to such procurement rules with respect to procurements relating to the distribution of electricity and to any

portion of the activities (including energy production) which benefit from incentives and dispatching priority to the national grid, as well as relating to the sale of electricity to retail customers connected to the low-voltage grid. These rules generally require that any contract for the purchase of goods and services or the award of construction or maintenance works must be preceded by a public tender process.

The complexity of these procedures and requirements may lead to inefficiencies in the management of the Group's business and could have negative repercussions on the Group's competitiveness, as a result of higher costs (or additional corporate resources and time) required to run these processes, especially when compared with the lighter burden faced by peers who are not subject to the same obligations. Furthermore, contracts awarded as a result of these tenders are subject to challenges at the relevant regional administrative courts, thereby exposing the Group to the risk of legal proceedings and disputes. This could result in delays and costs which may have an adverse impact on the Group's ability to manage its business effectively.

Risks related to administrative liabilities of entities pursuant to Legislative Decree No. 231/2001 and anti-corruption and transparency legislation

The Issuer is exposed to the risk of incurring administrative sanctions deriving from the possible inadequacy of its organisational model. Legislative Decree No. 231/2001, as amended (the "**Decree 231**"), defines the administrative liabilities for companies and/or their subsidiaries as a result of acts of its directors, managers, employees and collaborators in the interest and to the advantage of the company itself.

However, Decree 231 states that the entity is exempt from such liability (although it must, however, reimburse any unjustified profit) if (i) it demonstrates that it has adopted and effectively implemented an organisational management and control model capable of preventing the commission of offences referred to in Decree 231 (the "**231 Model**"); (ii) a body or officer within the company with autonomous powers of initiative and control (the "**Supervisory Board**" or "**SB**") has been appointed to supervise the operation and ensure compliance with 231 Model, and has been kept up-to-date; (iii) there has been no omitted or insufficient supervision by the SB; and (iv) the persons who have committed the offence acted by fraudulently evading the measures laid down in the 231 Model.

In implementation of the provisions of Article 6 of Decree 231, all legal entities within the CVA Group approved the adoption of the 231 Model. The purpose of the 231 Model is to set out a structured and organic system of procedures and control activities aimed at preventing the commission of different types of offences envisaged under Decree 231. In addition, by a resolution of the Board of Directors on 12 February 2016, the Issuer adopted the Code of Ethics applicable to all Group companies.

By virtue of the provisions of Law No. 190 of 6 November 2012 and Legislative Decree No. 33 of 14 March 2013, each, as amended, the scope of which was amended and extended by Legislative Decree No. 97 of 25 May 2016 and Legislative Decree No. 175 of 19 August 2016, as amended, all Group companies are subject to the regulation on prevention of corruption, publicity and transparency with regard to both the organisation and the activities carried out. In particular, those regulations require the appointment of an officer responsible for the prevention of corruption and transparency ("**RPCT**"), the identification of measures for the prevention of corruption and publicity and transparency in addition to those adopted pursuant to Decree 231, to be developed in a three-year plan to be updated annually, as well as the publication and periodic updating of a series of company data and information in a section called "Transparent Company" specifically created on the company's institutional websites.

As at the date of the Prospectus, the companies of the CVA Group finalised the processes for the integration of the anti-corruption and transparency measures within their respective 231 Models. Furthermore, the "Transparent Company" section on the institutional website of the Issuer is regularly updated and monitored, with publications made pursuant to Legislative Decree No. 33/2013, as

amended. Finally, the companies of the CVA Group are also subject to the application of transparency obligations imposed by the regional legislation of the Valle d'Aosta region, in particular Regional Law No. 22 of 23 July 2010, as amended (the "*Opération Transparence*").

Notwithstanding the adoption of these measures, any company of the Group could still be found liable for the unlawful actions of its officers or employees if, in the relevant authority's opinion, Decree 231 has not been complied with. This could lead to a suspension or revocation of concessions currently held by the Group, a ban from participating in future tenders and/or an imposition of fines and other penalties. In particular, as the Group's concessions and its ability to take part in public tenders are a key part of its business, any such finding could adversely affect the business, results of operations and financial condition and/or prospects of the Issuer and/or the Group.

Risks related to the industry in which the Issuer operates

The Issuer's success will depend on its ability to implement its strategy

The Issuer's business strategy for the next few years involves the strengthening of its presence in markets and sectors in which the Issuer already carries out its business, as well as expanding to new markets and new customers. The Issuer has detailed its strategic view and potential results in an investment plan approved by the Board of the Issuer and defined its Strategic Plan 2021-25 (see "*Business Description - Strategy and Capital Investments"* below).

The Issuer's strategy is based upon certain business and market assumptions and assessments which may not prove correct. There can be no assurance that the growth envisaged by the Group will be achieved or that it will be able to adapt its management, administrative and/or operational systems successfully to respond to any future growth. In the event of rapid expansion, the Issuer may encounter financial difficulties in a business downturn. Conversely, in case of difficulty in integrating any new businesses, the Issuer may lose market share, customers and competitors.

Failure to implement or achieve any component of the Issuer's strategy and/or to manage the Issuer's growth strategy may have an adverse effect on the Issuer's and the Group's business, financial condition, results of operations and/or prospects.

Reliance on suppliers for certain material goods and services

The Group purchases from a large number of suppliers and third-party producers of finished components, mechanical machinery, supplies and consumables required to produce electricity. These providers are mainly, but not exclusively, Italian. The Issuer relies on a large number of suppliers, none of which operate on an exclusive basis. However, for some specific and technically sophisticated items, the supply base is highly concentrated, which exposes CVA to the availability or willingness of its suppliers to provide it with goods and services. If CVA were unable to identify appropriate substitute suppliers, or new or existing suppliers were to reject purchase orders and and/or payment terms applied by the Group, or any supplier failed to comply with their contractual obligations or with the required technical specifications, or CVA were unable to promptly replace any producers, suppliers or sub-contractors, or to replace them on terms and conditions that are comparable to those applicable to previous suppliers, this could lead to delays, inefficiencies and additional costs, and any such circumstances could have a material adverse effect on the Issuer's and the Group's business, financial condition and results of operations.

The Issuer is subject to fluctuations in the price of electricity and tariffs

The Issuer's revenue as a producer derives from sales of electricity in the wholesale market, as well as from incentives granted by the Italian government for the production of energy from renewable sources. As a utility company, its revenue derives from the sale of electricity to firms and households in both the

free market and the regulated market. Furthermore, the Group's activity in the energy distribution sector is exposed to a risk of changes in tariffs applied by ARERA for the remuneration of the service.

The price of electricity is, in whole or in part, determined by the regulatory authorities, including through incentive mechanisms, and otherwise set by market forces. Prices may be subject to significant fluctuations due to various factors, such as changes in supply and demand for electricity, the cost of raw materials, and the various types of incentives available for the production of energy from renewable sources. The Issuer also uses financial derivative products for hedging purposes against fluctuations in energy sale prices. These hedging contracts have limited terms and only apply to part of the electricity production and never apply to all client sales.

Any major fluctuations in the sale price of electricity may result in a reduction of revenues and profit margins, which could have a material adverse effect on the Issuer's and the Group's business, financial condition, results of operations and/or prospects. In addition, hedging arrangements have the effect of limiting the Group's ability to profit from increases in energy selling prices.

Furthermore, the Issuer is subject to the risk of changes in the remuneration of regulated activities of electricity distribution through the network tariff component. There can be no assurance that any future revision of tariffs for the Group's distribution activities will keep them at a level that satisfies the Issuer's expectations or requirements, and they may be significantly reduced, possibly in response to political or public pressure. Should any such changes result in decreases in tariffs or in repayments to customers, these could have a material adverse effect on the Issuer's and/or the Group's business, financial condition and results of operations

Risk of reduction and termination of incentives for production of renewable energy and relating to the permitting process

The revenues from incentives granted to producers of electricity from renewable sources may materially affect the profitability and prospects of electricity production from renewable sources. In order to maintain eligibility for government incentives, plants must continuously ensure compliance with technical and administrative requirements and obligations imposed by applicable regulations. Compliance with the applicable requirements is monitored by Gestore dei Mercati Energetici S.p.A. (GSE), which manages renewable energy services for the Italian Ministry of Economic Development, and the Issuer's failure to comply could result in the reduction or revocation of the relevant incentives.

The future development and profitability of the production of energy from renewable sources by the Issuer depends significantly on the national and international incentive policies for the production in Italy of electricity from renewable sources. Possible changes in the type of incentives or decreases or cancellations of existing incentive measures aimed at encouraging the development of renewable energy in Italy may lead the Issuer to change or reduce its development plans and may reduce the profitability of production from certain sources, which could have a material adverse effect on the Issuer's and the Group's business, financial condition, results of operations and/or prospects.

Moreover, the development of new renewable energy plants as well as the repowering, renovation and variations of the existing plants planned by the Issuer requires the granting of a variety of authorisations by a number of administrative bodies. The granting of such approvals, the time required by the associated procedures and the risk that they will subsequently be challenged in court all might negatively affect the Issuer's development plans and its prospects. In addition, failure by the Issuer to fulfil the prescriptions provided by such authorisations may lead to sanctions and penalties, including the revocation of the authorisations. All of the above factors could adversely affect the business, financial condition and results of operations of the CVA Group.

Risks related to climatic variations and extreme weather events

The Group produces energy using hydroelectric, wind and solar resources. The availability of rainfall and snowfall for hydroelectric plants, suitable wind levels for wind farms and solar irradiation levels for solar plants varies according to weather conditions at the sites where the plants are located and is subject to seasonal trends, as well as exceptional events such as droughts or extreme weather conditions.

In particular, the Group's generation of power from hydroelectric sources depends on the water regime in Valle d'Aosta, which may be subject to climatic variations or extreme weather events such as excessive rainfall or flooding, which could result in damage to the Issuer's plant and equipment and/or the interruption of the Group's operations. Similarly, the production of wind and solar energy is also linked to unpredictable climatic factors. Extreme weather events such as excessive wind or hail can lead to the decommissioning or damage of wind turbines and photovoltaic systems.

Although technological diversification allows the Group to mitigate the risks associated with weather conditions, a prolonged period of adverse weather conditions affecting multiple sources to produce electricity could have a material adverse effect on the business, financial situation, economic results and/or on the prospects of the Issuer.

CVA Group is exposed to operational risks through its ownership and management of power plants and distribution networks and facilities

The main operational risks to which the Group is exposed are linked to its ownership and management of power plants and its distribution networks and facilities. These power plants and other assets are exposed to risks of malfunctions and/or interruption in service that can cause significant damages to the assets themselves and, in more serious cases, production capacity may be compromised.

These risks include events outside of the Group's control or other similar extraordinary events such as extreme weather phenomena, adverse meteorological conditions, natural disasters, fire, terrorist attacks, malicious damage, mechanical breakdown of or damage to equipment or processes, accidents, health and safety incidents and labour disputes. Any such events could cause damage or destruction of the Group's facilities and, in turn, result in financial loss, cost increases or the necessity to revise the Group's investment plans. Moreover, supply chain disruptions may delay the completion of the required repairs to plants.

Additionally, service interruptions, malfunctions or casualties or other significant events could result in the Group being exposed to litigation, which in itself could generate obligations to pay damages. Although the Group has insurance coverage against some, but not all, of these events, such coverage may prove insufficient to fully offset the cost of paying such damages. The occurrence of one of more of the events described above, or other similar events, could have an adverse impact on the business, revenues, financial condition and/or results of operations of the Issuer and/or the Group.

Risks related to the interruption in the operation of plants or the transmission grid

The Group is exposed to the risk of malfunction and unexpected interruption of the service following events beyond its control, such as accidents, health and safety incidents, interruptions, malfunctions and breakdowns of equipment or control systems, manufacturing defects of plant components, natural disasters, unfavourable weather conditions, terrorist acts, attacks, malicious damage, human error and other similar extraordinary events. Furthermore, the transmission and distribution networks may be subject to congestion, accidents or interruptions in operation and the operators of these networks may not fulfil their contractual obligations regarding transmission or distribution, or withdraw from the relative agreements.

Unexpected failure or disruption at a key site or installation could cause a significant interruption to the supply of services (in terms of duration or number of customers affected), materially affecting the way that the Issuer operates, prejudicing its reputation and resulting in additional costs (including the cost of restoring services), liability to customers or loss of revenue, each of which could have a material adverse impact on the business, financial condition or results of operations and/or prospects of the Issuer and/or the Group.

Changes to the Issuer's rating may impair future ability to access capital

As of the date of this Prospectus, the long-term rating assigned to CVA by Moody's Investors Service and Fitch was Baa2 and BBB+, respectively, both on stable outlook. The Issuer's ability to access financial markets and loan instruments in the future, and the related costs of such transactions, would be affected by the rating assigned to the Issuer. If rating agencies were to downgrade the Issuer's ratings, this could affect its ability to obtain financings on acceptable terms and/or to access the debt capital markets, as well as result in the acceleration of repayments under some of the financing agreements to which the Issuer is a party, or otherwise increase the Issuer's cost of servicing the debt under those financing agreements.

In addition, downgrades to the Issuer's rating may also be a consequence of external factors beyond the Issuer's control, such as a downgrading of the Republic of Italy's sovereign debt or of the rating of Autonomous Region of Valle d'Aosta (which is, indirectly, the Issuer's sole shareholders).

Any downgrade could have a material adverse effect on the Issuer's and the Group's business, financial condition, results of operations and/or prospects. See also "*Risks relating to the Notes – Credit ratings may not reflect all risks*" below.

Risks associated with the status of an integrated operator

The Group operates as an integrated operator in the electricity industry, active in the production, distribution and sale of electricity. Pursuant to regulations enacted by ARERA, vertically integrated utility companies such as the Group are required to manage each segment of its operations on a stand-alone basis (in other words, power generation, distribution and sale), each managed by separate senior management enjoying autonomous decision making and organisational discretion. If these unbundling requirements become even more stringent and any non-compliance occurs, this may have an adverse effect on the Issuer's and/or the Group's business, financial condition, results of operations and/or prospects.

Insurance coverage may not prove adequate

All companies of the Group have secured insurance coverage from leading insurance providers which is considered by the Group's management to be adequate given the nature of its business. The Issuer's main insurance policies in existence at the date of this Prospectus provide cover against third-party civil liability and contractors' civil liability; direct and indirect damage to property and operating assets; cover for legal, extra-legal and criminal proceedings; directors and officers' liability; personal injury, death, total and permanent invalidity; credit risk; comprehensive cover against theft and fire, and comprehensive cover for company vehicles and the vehicles used by staff. While the Issuer considers this insurance coverage appropriate to its business, in the case of events that are not included in the insurance cover, or where the loss incurred by CVA exceeds the amount of the insurance cover, the Issuer would be required to bear the related costs. All of this could have a material adverse effect on the Issuer's and the Group's business, financial condition, results of operations and/or prospects.

Risks relating to general economic conditions

The business could be affected by global economic factors

The current macroeconomic situation is characterised by high levels of uncertainty, due to a number of potential factors, such as:

- trends in the economy and the prospects of recovery and consolidation of the economies of developed countries such as the US and China;
- possible trends towards protectionism and the outcome of the trade dispute between the US and China;
- future development of the monetary policy of the European Central Bank in the Euro area, the Federal Reserve System, and in the Dollar area, and the policies implemented by other countries aimed at promoting competitive devaluations of their currencies;
- concerns over the long-term sustainability of the European single currency;
- the sustainability of the sovereign debt of certain countries and related recurring tensions on the financial markets; and
- the consequences and potential lingering uncertainties caused by the UK's withdrawal from the European Union.

In addition, the global economy, the condition of the financial markets, adverse macroeconomic developments in the Group's primary markets and any future sovereign debt crisis in Europe may all significantly influence the Group's performance. The Group's earning capacity and stability can be affected by the overall economic situation and by the dynamics of the financial markets. Moreover, the economy in Italy, the Group's principal market, has been affected in recent years by a significant slowdown and, more recently, the containment measures taken in Italy to tackle the Covid-19 outbreak, have also significantly reduced economic activity (see "*Risks associated with the Covid-19 pandemic*" below).

All of these factors, in particular in times of economic and financial crisis, could result in an increase in the Group's borrowing costs and in a reduction or slower growth in the Group's ordinary business, which could have an adverse impact on the Issuer's and/or the Group's business, financial condition and results of operations and/or prospects.

Risks associated with the Covid-19 pandemic

The outbreak of the respiratory disease caused by a new coronavirus ("**COVID-19**") was detected in Italy in March 2020 and has been characterised by the World Health Organisation as a pandemic. The crisis has had serious health, social and economic consequences worldwide, including Italy, and may continue to do so for an unforeseeable period of time. In addition to the worsening of the global macroeconomic scenario and the risk of deterioration of the credit profile of a considerable number of countries (including Italy), the pandemic has led to significant slowdowns in many business activities. The Covid-19 pandemic and governmental responses to the pandemic have had, and continue to have, a severe impact on global economic conditions, including: (i) significant disruption and volatility in the financial markets; and (ii) temporary closures of many businesses, leading to loss of revenues and increased unemployment.

The consequences of the coronavirus crisis that are relevant to the business of the Group include the following: more stringent health and safety measures, including both the costs incurred in implementing them and the restrictions imposed on the Issuer's activities; and financial market instability.

The ultimate severity and related consequences of the coronavirus emergency is causing significant uncertainty in both domestic and global financial markets and could have an impact on the business environment as well as on the legal, tax and regulatory framework. If the COVID-19 pandemic is prolonged or there are further surges in the spread of COVID-19, the adverse impact on the global economy could deepen. To the extent the COVID-19 pandemic adversely affects the Issuer's and the Group's business, results of operations and/or financial condition, it may also have the effect of heightening many of the other risks to which they are subject.

Market and political uncertainty regarding the UK's exit from the European Union

On 31 January 2020, the United Kingdom left the European Union under the terms of an agreement on the UK's withdrawal. Subsequently, on 24 December 2020, the EU and the UK reached an agreement on the trade and cooperation (the "**Trade and Cooperation Agreement**"), which sets out the principles of the future relationship between the EU and the UK. The Trade and Cooperation Agreement was provisionally applicable from 1 January 2021 until 30 April 2021 and formally entered into force on 1 May 2021.

Uncertainties remain concerning the economic consequences of the withdrawal of the UK from the European Union, commonly referred to as "**Brexit**". The continuing effects of Brexit are difficult to predict and there remains both short-term and long-term political and economic uncertainty that may have a negative impact on the UK economy, affecting its growth. Accordingly, no assurance can be given that Brexit will not adversely affect the Issuer's and/or the Group's business, financial condition and results of operations. Due to a lack of precedent on withdrawals from the EU, Brexit could have unpredictable consequences for credit markets, the EU single market and other important financial and trade relationships, which could adversely affect the Issuer's and/or the Group's business, results of operations, prospects and/or financial performance, in particular in the Eurozone.

Risks related to financial indebtedness

Risks related to financing agreements

As at 31 December 2020, the Group had long-term indebtedness of €327,9[1] million. The Issuer has in place a number of financing agreements pursuant to which it has assumed specific financial obligations and other commitments. Such financing agreements provide, in line with market practice, for certain restrictive covenants, such as negative pledge clauses, change of control clauses, provisions limiting extraordinary transactions and financial covenants. Failure to comply with any of those clauses could, unless a prior waiver is obtained or amendment made, constitute a default under the relevant financing agreement and, potentially, also under the Notes.

Should market conditions deteriorate or fail to improve, or the Issuer's operating results decrease in the future, the Issuer may have to request amendments or waivers to its covenants and restrictions. However, there can be no assurance that the Issuer will be able to obtain such relief. A breach of any of these covenants or restrictions could result in a default and acceleration that would, subject to certain thresholds, permit its creditors to declare all amounts borrowed to be due and payable together with accrued and unpaid interest and the commitment of the relevant lenders to make further extensions of credit could be terminated. The Issuer's future ability to comply with financial covenants and other conditions, and to make scheduled payments or refinance existing borrowing, depends on future business performance, which is subject to economic, financial, competitive and other factors.

All of the above could have an adverse effect on the Issuer's and/or the Group's business, financial condition, results of operations and/or prospects.

[1] The long-term indebtedness is shown gross of the effect of amortised cost accounting that amounted to €0.8 million.

Interest rate risk

A portion of the CVA Group's indebtedness is subject to floating interest rates, thus subjecting the Group to the risk of adverse interest rate fluctuations. As of 30 June 2021, 18% of the Group's gross financial debt was subject to floating interest rates. Hedging activities are carefully considered and decisions on hedging transactions are taken at CVA's board level. In addition, it is possible that the hedging and derivative instruments used by the Group to establish a fixed rate for certain of its floating rate liabilities may lock the Group into interest rates that are ultimately higher than actual market interest rates. Hedging activities could also entail significant costs.

There can be no assurance that the hedging policy adopted by the Group will actually have the effect of reducing losses. To the extent it does not, this may have an adverse effect on the Issuer's and/or the Group's business, financial condition and/or results of operations.

Liquidity risk

Liquidity risk is the risk that the Issuer will be unable to meet its payment obligations due to its inability to secure funding or only being able to secure it at above-market costs (funding liquidity risk) or to the possibility of incurring capital losses on the sale of assets (market liquidity risk). Liquidity risk is identified and monitored using the operational and structural maturity ladder (in order to identify possible negative liquidity gaps in relation to specified maturity structure) and the overall liquidity indicator system (a risk appetite statement or RAS, risk limits, contingencies and additional metrics), designed to quickly identify potential strains. Liquidity buffers at 31 December 2020 totalled €195 million.

The Issuer constantly monitors its own and the Group's liquidity and funding risks. However, any deterioration in market conditions, the general economic environment and/or the Issuer's credit standing, combined with the need to align the Issuer's liquidity and funding position to regulatory requirements, may have an adverse effect on the Issuer's and/or the Group's business, financial condition, results of operations and/or prospects.

Credit risk

Changes in the creditworthiness of the CVA Group's counterparties may adversely affect CVA Group's business and financial condition

CVA Group is exposed to credit risk deriving from commercial, commodity and financial operations. Credit risk entails the possibility that the CVA Group's counterparties might not be able to discharge all or part of their obligations due to an unexpected change in the creditworthiness that affects the creditor's position, in terms of insolvency or changes in market value. Beginning in the last few years, with the instability and uncertainty of the financial markets and the global economic crisis, average payment times for trade receivables by counterparties have increased. In this framework, the CVA Group's general policy calls for the application of criteria in all the main regions, countries and business lines for measuring credit exposures in order to promptly identify any deterioration in credit quality, leading to any mitigation actions to be implemented, and to enable the monitoring and reporting of credit risk exposures at CVA Group level.

In addition, for certain segments of its customer portfolio, the Group also enters into insurance contracts with leading credit bank/insurance companies. In spite of such risk management policies and insurance, default by one or more significant counterparties of CVA Group may adversely affect the Issuer's and/or the Group's business, financial condition, results of operations and/or prospects.

Risks related to legal proceedings

The Issuer and certain companies of the CVA Group are defendants in civil, administrative and tax proceedings, which are incidental to their business activities. For a description of such proceedings, see "*Description of the Issuer and CVA Group – Legal Proceedings*" below.

In certain cases, where the relevant companies believe that litigation may not result in an adverse outcome or that such dispute may be resolved in a satisfactory manner and without any significant impact on them, no specific provisions are made in their financial statements.

The Issuer and the CVA Group are not able to predict the ultimate outcome of any of the claims currently pending against it, or that future claims or investigations brought against it, including any by regulatory authorities, which may be in excess of its existing provisions. In addition, it cannot be ruled out that the Issuer and the CVA Group may incur significant losses over and above the amounts already provisioned in connection with pending legal claims and proceedings or future claims or investigations which may be brought, owing to:

- uncertainty regarding the final outcome of such proceedings, claims or investigations; and/or
- the occurrence of new developments that management was unable to take into consideration when evaluating the likely outcome of such proceedings, claims or investigations in order to make appropriate provisions as at the date of the latest financial statements; and/or
- the emergence of new evidence and information; and/or
- the underestimation of probable future losses.

Furthermore, legal proceedings could damage the Issuer's long-term reputation.

Due to any of the above circumstances, unfavourable outcomes in existing or future proceedings, claims or investigations could have an adverse impact on the business, revenues, financial condition and results of operations and/or prospects of the Issuer and/or the CVA Group.

MATERIAL RISKS THAT ARE SPECIFIC TO THE NOTES

The risks under this heading are divided into the following categories:

- *Risk relating to the structure of the Notes*
- *Risks relating to the market generally.*

Risk relating to the structure of the Notes

The Notes are fixed rate securities and are vulnerable to fluctuations in market interest rates

The Notes will carry fixed interest. A holder of securities with a fixed interest rate is exposed to the risk that the price of such securities falls as a result of changes in the current interest rate on the capital markets (the "**Market Interest Rate**"). While the nominal interest rate of securities with a fixed interest rate remains the same during the life of those securities or during a certain period of time, the Market Interest Rate typically changes on a daily basis and, as the Market Interest Rate changes, the price of those securities changes in the opposite direction. Accordingly, if the Market Interest Rate increases, the price of fixed rate securities typically falls whereas, if the Market Interest Rate falls, the price of those securities typically increases, in each case until their yield is approximately equal to the Market Interest Rate. Investors should be aware that movements of the Market Interest Rate could adversely affect the market price of the Notes.

The Notes may be redeemed for tax reasons

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions. If the Issuer calls and redeems the Notes in the circumstances mentioned above, the Noteholders may not

be able to reinvest the redemption proceeds in comparable securities offering a yield as high as that of the Notes.

The exercise of a put option by Noteholders following a Put Event may adversely affect the Issuer's financial position

Upon the occurrence of certain events relating to a change of control of the Issuer or the loss of either of its two key concessions, as set out in full in Condition 6(d) (*Redemption and Purchase - Redemption at the option of Noteholders upon a Put Event*), under certain circumstances the Noteholders will have the right to require the Issuer to redeem all outstanding Notes at their principal amount. However, it is possible that the Issuer will not have sufficient funds at the time of the Put Event to make the required redemption of Notes. If there are not sufficient funds for the redemption, Noteholders may receive less than the principal amount 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.

Investors must rely on the procedures of the clearing systems

The Notes will be deposited with a common safekeeper for Euroclear and Clearstream (the "**ICSDs**"). Except in the circumstances described in the relevant Global Note, investors will not be entitled to receive Definitive Notes. While the Notes are represented by one or more Global Notes, the ICSDs will maintain records of the beneficial interests in the Global Notes and investors will be able to trade their beneficial interests only through the ICSDs. Similarly, the Issuer will discharge its payment obligations under the Notes by making payments to the ICSDs for distribution to their accountholders and has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes. A holder of a beneficial interest in a Global Note must therefore rely on the procedures of the ICSDs to receive payments under the relevant Notes.

In addition, holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the relevant Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by the ICSDs to appoint appropriate proxies.

The Notes are unsecured

The Notes constitute unsecured obligations of the Issuer and, save as provided in Condition 4 (*Negative Pledge*) and do not contain any restriction on the amount of indebtedness of the Issuer and its Subsidiaries or on the giving of security by them over present and future indebtedness. Where security has been granted over assets of the Issuer to secure indebtedness, in the event of any insolvency or winding-up of the Issuer, such indebtedness will, in respect of such assets, rank in priority over the Notes and other unsecured indebtedness of the Issuer. This means that, in any distribution of the proceeds from the liquidation of the Issuer's assets, secured creditors will be paid in full before any secured creditors (including Noteholders) and, as a result, Noteholders may not be paid in full or at all.

Minimum denomination of the Notes

The Notes will be issued in denominations of €100,000 or higher integral multiples of €1,000, up to and including a maximum denomination of €199,000. Although Notes cannot be traded in amounts of less than their minimum denomination of €100,000, they may nonetheless be traded in amounts that will result in a Noteholder holding a principal amount of less than €100,000. Any such principal amount would not be tradeable while the Notes are in the form of a Global Note and, if definitive Notes were issued, such Noteholder would not receive a definitive Note in respect of its holding and, consequently, would need to purchase a principal amount of Notes so as to increase such holding to €100,000. If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of €100,000 may be illiquid and difficult to trade.

Change of law or administrative practice

The conditions of the Notes are based on English law in effect as at the date of this Prospectus, although certain provisions relating to the Notes are subject to compliance with certain mandatory provisions of Italian law, such as those applicable to Noteholders' meetings and to the appointment and role of the Noteholders' representative (*rappresentante comune*). No assurance can be given as to the impact of any possible judicial decision or change to English or Italian law or administrative practice after the date of this Prospectus, and the unforeseen consequences of any such change could include a material adverse effect on the marketability and/or value of Notes or on the right of certain investors to continue holding the Notes. See also "*Noteholders' meeting provisions may change by operation of law or because of changes in the Issuer's circumstances*" below.

Decisions at Noteholders' meetings bind all Noteholders

Provisions for calling meetings of Noteholders are contained in the Agency Agreement and summarised in Condition 13(a) (*Meetings of Noteholders*). Noteholders' meetings may be called to consider matters affecting Noteholders' interests generally, including modifications to the terms and conditions relating to the Notes. These provisions permit defined majorities to bind all Noteholders, including those who did not attend and vote at the relevant meeting or who voted against the majority. Any such modifications to the Notes (which may include, without limitation, lowering the ranking of the Notes, reducing the amount of principal and interest payable on the Notes, changing the time and manner of payment, changing provisions relating to redemption, limiting remedies on the Notes and changing the amendment provisions) may have an adverse impact on Noteholders' rights and on the market value of the Notes.

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

The provisions relating to Noteholders' meetings (including quorums and voting majorities) are subject to compliance with certain mandatory provisions of Italian law, which may change during the life of the Notes. In addition, as currently drafted, the rules concerning Noteholders' meetings are intended to follow mandatory provisions of Italian law that apply to Noteholders' meetings where the issuer is an Italian unlisted company. As at the date of this Prospectus, the Issuer is an unlisted company but, if its shares are listed on a securities market while the Notes are still outstanding, then the mandatory provisions of Italian law that apply to Noteholders' meetings will be different (particularly in relation to the rules relating to the calling of meetings, participation by Noteholders at meetings, quorums and voting majorities). In addition, certain Noteholders' meeting provisions could change as a result of amendments to the Issuer's By-laws. Accordingly, Noteholders should not assume that the provisions relating to Noteholders' meetings contained in the Agency Agreement and summarised in the Conditions will correctly reflect mandatory provisions of Italian law applicable to Noteholders' meetings at any future date during the life of the Notes. Any of the above changes could reduce the ability of Noteholders to influence the outcome of any vote at a Noteholders' meeting and, as described in further detail in "*Change of law or administrative practice*" above, the outcome of any such vote will be binding on all Noteholders, including dissenting and abstaining Noteholders, and may have an adverse impact on Noteholders' rights and on the market value of the Notes.

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

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

1996. Where those exceptions apply, the required withholding or deduction of such taxes will be made for the account of the relevant Noteholders and the Issuer will not be obliged to pay any additional amounts to those Noteholders. As a result, those Noteholders will receive lower amounts of interest than those provided for under the Terms and Conditions of the Notes and the Issuer will be under no obligation to assist them in recovering any sum that has been withheld or deducted. Prospective investors in the Notes should consult their own tax advisers as to whether any of those exceptions could be relevant to them.

Risks related to the market generally

There is no active trading market for the Notes and one cannot be assured

Application has been made to admit the Notes to the official list of Euronext Dublin and for the Notes to be admitted to trading on its regulated market. The Notes are new securities for which there is currently no market. There can be no assurance as to the liquidity of any market that may develop for the Notes, the ability of Noteholders to sell such Notes or the price at which the Notes may be sold. The liquidity of any market for the Notes will depend on the number of holders of the Notes, prevailing interest rates, the market for similar securities and a number of other factors. In an illiquid market, the Noteholders might not be able to sell their Notes at any time at fair market prices. There can be no assurance that an active trading market for the Notes will develop or, if one does develop, that it will be maintained. If an active trading market does not develop or cannot be maintained, this could have a material adverse effect on the liquidity and trading prices of the Notes.

The liquidity and market value of the Notes may also be significantly affected by factors such as variations in the Group's annual and interim results of operations, news announcements or changes in general market conditions. In addition, broad market fluctuations and general economic and political conditions may adversely affect the market value of the Notes, regardless of the actual performance of the Group.

Delisting of the Notes

Application has been made for the Notes to be listed on the Official List and admitted to trading on the regulated market of Euronext Dublin. The 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.

Risks relating to restrictions on the transfer of the Notes

The ability to transfer the Notes may also be restricted by securities laws or regulations of certain countries or regulatory bodies. The Notes have not been, and will not be, registered under the Securities Act or any state securities laws in the U.S. or the securities laws of any other jurisdiction. Noteholders may not offer the Notes in the United States to or for the account or benefit of a U.S. person except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. It is the obligation of each Noteholder to ensure that offers and sales of Notes comply with all applicable securities laws. In addition, transfers to certain persons in certain other jurisdictions may be limited by law, or may result in the imposition of penalties or liability. For a description of restrictions which may be applicable to transfers of the Notes, see “*Subscription and Sale*”. Any restrictions on the ability of investors to sell or transfer their Notes in any jurisdiction may have an adverse effect on the liquidity of Notes on the secondary market and, consequently, on the market value of the Notes.

Credit ratings may not reflect all risks

The Notes are expected to be rated “Baa2” by Moody’s and “BBB+” by Fitch. Investors should be aware that:

- such ratings only reflect the views of the rating agency and 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 rating is not a recommendation to buy, sell or hold securities and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency; and
- notwithstanding the above, an adverse change in a credit rating could adversely affect the trading price for the Notes.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in Euro. 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 Euro. These include the risk that exchange rates may change significantly (including changes due to devaluation of the Euro 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 Euro 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.

In addition, government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

INFORMATION INCORPORATED BY REFERENCE

The following information is incorporated in, and forms part of, this Prospectus:

(i) the translation into English of the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2020; and

(ii) the translation into English of the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2019,

in each case, prepared in accordance with IFRS and together with the accompanying notes and the English translation of the independent auditors' report thereto.

Access to documents

The above audited consolidated financial statements have been previously filed with the Central Bank of Ireland and can be accessed on the following addresses on the Issuer's website:

- consolidated financial statements as at and for the year ended 31 December 2020:

  https://cvaspa.it/sites/default/files/2021-11/CVAGroup-En_Annual_Report_2020.pdf

- consolidated financial statements as at and for the year ended 31 December 2019:

  https://cvaspa.it/sites/default/files/2021-11/CVAGroup-En_Annual_Report_2019.pdf

In addition, the Issuer will provide, without charge to each person to whom a copy of this Prospectus has been delivered, upon the request of such person, a copy of any or all the documents containing information incorporated by reference herein. Requests for such documents should be directed to the Issuer at its offices set out at the end of this Prospectus. Such documents will also be available, without charge, at the specified office of the Fiscal Agent and from the website of the Issuer, *www.cvaspa.it*.

Any websites referred to in this Prospectus are for information purposes only and do not form part of this Prospectus, unless that information is incorporated by reference.

Cross-reference list

The following table shows where the information incorporated by reference in this Prospectus can be found in the above-mentioned documents. Information contained in those documents other than the information listed below does not form part of this Prospectus and is either not relevant or covered elsewhere in this Prospectus.

Document	**Page number(s)**
Consolidated annual financial statements 2020	
Consolidated income statement	133
Consolidated statement of other comprehensive income	134
Consolidated statement of financial position	135-136
Consolidated statement of changes in equity	137
Consolidated statement of cash flows	138
Notes to the financial statements	139-219
Independent auditors' report	223-226

Document	Page number(s)
Consolidated annual financial statements 2019	
Consolidated income statement	131
Consolidated statement of other items of comprehensive income	132
Consolidated statement of financial position	132-133
Consolidated statement of changes in shareholders' equity	134
Consolidated statement of cash flows	135
Notes to the financial statements	136-229
Independent auditors' report	233-236

The documents set out above are translated into English from the original Italian. The Issuer has accepted responsibility for the accuracy of such translations. In the event that there are any inconsistencies or discrepancies between the Italian language versions and the English translations thereof, the original Italian language versions shall prevail.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes, which (subject to completion and amendment) will be endorsed on each Note in definitive form. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to Notes in definitive form to the extent described in the next section of this Prospectus entitled "Summary of Provisions relating to the Notes in Global Form".

The €50,000,000 1.119% Notes due 22 November 2028 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 14 (*Further Issues*) and forming a single series therewith) of Compagnia Valdostana delle Acque – Compagnie Valdôtaine des Eaux S.p.A. (the "**Issuer**") are the subject of an agency agreement dated 22 November 2021 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer and Citibank Europe Plc, as fiscal agent (in such capacity, the "**Fiscal Agent**", which expression includes any successor fiscal agent appointed from time to time in connection with the Notes) and as paying agent (in such capacity, the "**Paying Agent**" and, together with the Fiscal Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes). Certain provisions of these Conditions are summaries of the Agency Agreement and subject to its detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

1. Definitions and Interpretation

(a) ***Definitions***

In these Conditions:

"**Affiliate**" means, at any time, and with respect to any Person (the "**First Person**"), any other Person that at such time directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, the First Person;

"**Business Day**" means:

(i) for the purposes of Condition 6(d) (*Redemption at the option of Noteholders upon a Put Event*), a TARGET Settlement Day;

(ii) for any other purpose:

(A) in relation to any place, 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 that place;

(B) in the case of payment by credit or transfer to a Euro account, a TARGET Settlement Day;

"**Calculation Amount**" means €1,000 in principal amount of Notes;

"**Change of Control**" means any event or circumstance in which any Person or Persons (in each case, other than one or more Permitted Holders), acting in concert, together with any of their Affiliates, has or gains control of the Issuer and, for all such purposes:

(i) "**acting in concert**" means, in relation to two or more Persons, any event or circumstances whereby, pursuant to an agreement, arrangement or understanding (whether formal or

informal), such Persons co-operate, through the acquisition or holding of voting rights exercisable at a shareholders' or equivalent meeting of the Issuer by any of them, either directly or indirectly, for the purposes of obtaining or consolidating control of the Issuer; and

(ii) "**control**" means, for all purposes in connection with Condition 6(d) (*Redemption at the option of Noteholders upon a Put Event*):

(A) in respect of a Person which is a company or a corporation:

(1) the acquisition and/or holding of more than 50 per cent. of the share capital of such Person; or

(2) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to: (x) cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a shareholders' or equivalent meeting of such Person; (y) appoint or remove all or a majority of the members of its Board of Directors (or other equivalent body) of such Person; or (z) give directions with respect to the operating and financial policies of such Person with which all or a majority of the members of its Board of Directors (or other equivalent body) of such Person are obliged to comply; or

(3) the ability to exercise dominant influence over such Person or a company controlling such Person, whether by reason of voting rights at a shareholders' or equivalent meeting or by virtue of contractual relationships; or

(B) in respect of any other Person (other than a company or a corporation), the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting rights, by contract or otherwise,

and the expressions "**controlling**", "**controlled**" and "**controlled by**" shall be construed accordingly;

"**Day Count Fraction**" means (i) the actual number of days in the period from and including the date from which interest begins to accrue (the "**Accrual Date**") to but excluding the date on which it falls due divided by (ii) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date;

"**EBITDA**" means, in respect of any financial period, the operating profit before taxation (including the results from discounted operations), before deducting any net interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments whether paid, payable or capitalised by any relevant entity in respect of that financial period and adding back non-operational provisioning, depreciation and amortisation, to the extent added, deducted or taken into account, as the case may be, for the purposes of determining net income as recorded in the consolidated income statement of the relevant entity;

"**Euronext Dublin**" means the Irish Stock Exchange plc, trading as Euronext Dublin;

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

"**FATCA Withholding**" means 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 Section 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretation thereof or any law implementing an intergovernmental approach thereto;

"**First Interest Payment Date**" means 22 November 2022;

"**Fixed Coupon Amount"** means €11,19 per Calculation Amount;

"**Group**" means the Issuer and its Subsidiaries (taken as a whole);

"**Indebtedness**" means any indebtedness (whether being principal, premium or interest) of any Person for or in respect of money borrowed or raised, including (without limitation) any indebtedness for or in respect of:

(i) amounts raised by acceptance under any acceptance credit facility;

(ii) amounts raised under any note purchase facility;

(iii) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;

(iv) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and

(v) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having substantially the same commercial effect as borrowing;

"**Initial Event**" means, in relation to any particular event or transaction:

(i) that constitutes a Change of Control; or

(ii) whereby a Change of Control becomes legally binding on all relevant parties,

the first public announcement of that event or transaction to be made either (x) by, or with the consent of, the Issuer or (y) in accordance with any legal obligation;

"**Interest Payment Date**" means 22 November in each year;

"**Interest Period**" means the period from (and including) the Issue Date to (but excluding) the First Interest Payment Date and each subsequent period from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date;

"**Intermediate Holding Company**" means a Subsidiary of the Issuer which itself has Subsidiaries;

"**Investment Grade Rating**" means a long-term senior unsecured debt rating assigned by a Rating Agency as follows:

(i) Baa3 or equivalent or better, if assigned by Moody's Italia S.r.l.; or

(ii) BBB- or equivalent or better, if assigned by Fitch Ratings Ireland Limited,

or, in each of the above cases, by any of the respective Affiliates of those Rating Agencies or any successors of the foregoing;

"Issue Date" means 22 November 2021;

"**Material Subsidiary**" means, at any time, any Subsidiary of the Issuer which (consolidated with its own Subsidiaries, if any) accounts for 10 per cent. or more of the Group's consolidated EBITDA, revenues or consolidated total assets and, for these purposes:

(i) the Group's consolidated EBITDA, revenues or consolidated total assets will be determined by reference to its then latest audited consolidated annual financial statements (the "**Relevant Consolidated Financial Statements**"); and

(ii) the EBITDA, revenues or total assets of each Subsidiary of the Issuer will be determined by reference to the annual financial statements (whether or not audited) of such Subsidiary and those of its own Subsidiaries (if any), in each case upon which the relevant consolidated financial statements of the Issuer have been based,

provided that: (A) if a Person has become a Subsidiary of the Issuer after the date on which the Relevant Consolidated Financial Statements have been prepared, the EBITDA, revenues or total assets of that Subsidiary will be determined by reference to its latest annual financial statements (whether or not audited), consolidated if that Subsidiary itself has Subsidiaries; (B) where an Intermediate Holding Company has one or more Subsidiaries at least one of which, under this definition, is a Material Subsidiary, then such Intermediate Holding Company will be deemed to be a Material Subsidiary; and (C) the Relevant Consolidated Financial Statements and the corresponding financial statements of each relevant Subsidiary will be adjusted (where appropriate) to reflect fairly the EBITDA, revenues or total assets of, or represented by, any Person, business or assets subsequently acquired or disposed of;

"**Non-investment Grade Rating**" means a long-term senior unsecured debt rating assigned by a Rating Agency as follows:

(i) Ba1 or equivalent or worse, if assigned by Moody's Italia S.r.l.; or

(ii) BB+ or equivalent or worse, if assigned by Fitch Ratings Ireland Limited,

or, in each of the above cases, by any of the respective Affiliates of those Rating Agencies or any successors of the foregoing;

"**Permitted Holders**" means the Autonomous Region of Valle d'Aosta and any Person directly or indirectly controlled by it;

"**Permitted Reorganisation**" means any reorganisation, amalgamation, merger, demerger, consolidation, contribution in kind or restructuring or other similar transaction, in each case whilst solvent:

(i) in the case of a Material Subsidiary, whereby the assets and undertaking of such Material Subsidiary are transferred, sold, contributed, assigned or otherwise vested in the Issuer and/or another Subsidiary of the Issuer; or

(ii) on terms previously approved by an Extraordinary Resolution of Noteholders;

"**Permitted Security Interest**" means any Security Interest arising by operation of law in the ordinary course of business of the Issuer or a Material Subsidiary, provided that such Security Interest is not (and does not become capable of being) enforced;

"**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;

"**Put Event**" means any event or circumstances in which both a Change of Control and a Rating Event have occurred;

"**Put Event Notice**" means a notice from the Issuer to Noteholders describing the relevant Put Event and indicating the start and end dates of the relevant Put Event Notice Period and the Put Option Redemption Date;

"**Put Event Notice Period**" means, in respect of any Put Event, a period of 20 Business Days following the date on which the relevant Put Event Notice is given to the Noteholders in

accordance with Conditions 6(c) (*Redemption at the option of Noteholders upon a Put Event*) and 15 (*Notices*);

"**Put Option Notice**" means a notice from a Noteholder to the Issuer in a form obtainable from any Paying Agent and substantially in the form annexed to the Agency Agreement, stating that such Noteholder requires early redemption of all or some of its Notes pursuant to Condition 6(d) (*Redemption at the option of Noteholders upon a Put Event*);

"**Put Option Receipt**" means a receipt issued by a Paying Agent to a Noteholder depositing a Put Option Receipt, substantially in the form annexed to the Agency Agreement;

"**Put Option Redemption Date**" means, in respect of any Put Event, the date specified in the relevant Put Event Notice by the Issuer, being a date not earlier than five nor later than 10 Business Days after expiry of the Put Event Notice Period;

"**Rate of Interest**" means 1.119 per cent. per annum;

"**Rating Agency**" means any of Moody's Italia S.r.l. or Fitch Ratings Ireland Limited, or any of their Affiliates or any successors of the foregoing, in each case duly registered in accordance with Regulation (EC) No. 1060/2009;

a "**Rating Event**" will be deemed to have occurred following an Initial Event if, at the time of the occurrence of the Initial Event, the Notes carry from any Rating Agency either:

(i) an Investment Grade Rating and such rating from any Rating Agency is within 180 days of the occurrence of the Initial Event either downgraded to a Non-investment Grade Rating or withdrawn and is not within such 180-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) a Non-investment Grade Rating and such rating from any Rating Agency is within 180 days of the occurrence of the Initial Event downgraded by one or more notches (for illustration, Ba1 to Ba2 being one notch) and is not within such 180-day period subsequently upgraded to its earlier credit rating or better by such Rating Agency; or

(iii) no credit rating, and no Rating Agency assigns an Investment Grade Rating to the Notes within 180 days of the occurrence of the Initial Event,

and in making the relevant decision(s) referred in (i) and (ii) to above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or in part, from the occurrence of the Initial Event.

"**Relevant Date**" means, in relation to any Note or Coupon, the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the holders of Notes in accordance with Condition 15 (*Notices*) that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, *provided that* payment is in fact made upon such presentation;

"**Relevant Indebtedness**" means any present or future Indebtedness which is in the form of, or represented by, any bond, note, debenture, certificate or other securities and which is, or is capable of being, traded, quoted, listed or dealt in on any stock exchange or any over-the-counter or other securities market;

"**Reserved Matter**" has the meaning given to it in the Agency Agreement and includes any proposal, as set out in Article 2415 of the Italian Civil Code, to modify these Conditions, including

(without limitation) any proposal to modify the maturity of the Notes or the dates on which interest is payable on them, to reduce or cancel the principal amount of, or interest on, the Notes, or to change the currency of payment of the Notes but excluding (for the avoidance of doubt) any modifications permitted under Condition 13(c) (*Modification*);

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

"**Subsidiary**" means, in respect of the Issuer at any particular time, any *società controllata*, as defined in Article 2359 of the Italian Civil Code;

"**Substantial Part**" means, in relation to the assets, undertaking and/or revenues of the Issuer or any Material Subsidiary, such part of those assets, undertaking and/or revenues as represents more than 30% of the total assets, undertakings and/or revenues of the Issuer or (as the case may be) such Material Subsidiary, as shown in (or determined by reference to) the most recent audited consolidated financial statements of the relevant entity prior to the time when the relevant determination is being made;

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

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system (TARGET2).

(b) ***Interpretation***

In these Conditions:

(i) "**outstanding**" has the meaning given to it in the Agency Agreement;

(ii) any reference to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under Condition 8 (*Taxation*); and

(iii) any reference to the Notes includes (unless the context requires otherwise) any other securities issued pursuant to Condition 14 (*Further Issues*) and forming a single series with the Notes.

2. Form, Denomination and Title

The Notes are in bearer form in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000 with Coupons attached at the time of issue. Notes of one denomination will not be exchangeable for Notes of another denomination. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

3. Status

The Notes and the Coupons constitute direct, general, unconditional, unsubordinated and, subject to the provisions of Condition 4 (*Negative pledge*), unsecured obligations of the Issuer which will at all times rank *pari passu* without any preference among themselves and at least *pari passu* with all other

outstanding unsecured and unsubordinated obligations of the Issuer, present and future, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

4. Negative Pledge

So long as any Note remains outstanding, the Issuer shall not, and the Issuer shall procure that none of its Material Subsidiaries will, create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure (i) any Relevant Indebtedness or (ii) any guarantee and/or indemnity in relation to any Relevant Indebtedness, without (a) at the same time or prior thereto securing the Notes equally and rateably therewith or (b) providing such other security for the Notes as may be approved by an Extraordinary Resolution of Noteholders.

5. Interest

(a) ***Accrual***

The Notes bear interest from the Issue Date at the Rate of Interest, payable in arrear on the First Interest Payment Date and each subsequent Interest Payment Date, subject as provided in Condition 7 (*Payments*).

(b) ***Cessation***

Each Note will cease to bear interest from the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Fiscal Agent has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

(c) ***Amount of interest***

The amount of interest payable on each Interest Payment Date shall be the Fixed Coupon Amount. If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest cent (half a cent being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Note divided by the Calculation Amount.

6. Redemption and Purchase

(a) ***Scheduled redemption***

Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 22 November 2028, subject as provided in Condition 7 (*Payments*).

(b) ***Redemption at the option of the Issuer***

The Notes may be redeemed at the option of the Issuer, in whole but not in part, with effect from any date from (and including) 22 August 2028 to (but excluding) 22 November 2028 on the Issuer's giving not less than 15 nor more than 30 days' notice to the Noteholders (which notice shall be irrevocable), whereupon the Issuer shall be bound to redeem the Notes on the date specified in such notice at their principal amount, together with interest accrued to the date fixed for redemption.

(c) ***Redemption for tax reasons***

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their principal amount, together with interest accrued to the date fixed for redemption, if:

(i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date; and

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

provided, however, that no such notice of redemption shall be given (i) earlier than 90 days prior to the earliest date on which any interest subject to payment of such additional amounts starts to accrue, and (ii) unless, at the time such notice is given, such change or amendment remains in effect (or due to take effect).

Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Fiscal Agent:

(A) a certificate signed by the Chief Executive Officer 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

(B) an opinion of independent legal advisers of recognised international standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Upon the expiry of any such notice as is referred to in this Condition 6(c), the Issuer shall be bound to redeem the Notes in accordance with this Condition 6(c).

(d) ***Redemption at the option of Noteholders upon a Put Event***

In the event of a Put Event, each Noteholder may, during the Put Event Notice Period, serve a Put Option Notice upon the Issuer. The Issuer will redeem in whole (but not in part) the Notes that are the subject of such Put Option Notice on the Put Option Redemption Date at their principal amount together with accrued interest from, and including, the preceding Interest Payment Date (or the Issue Date, if applicable) to, but excluding, the Put Option Redemption Date.

Within five Business Days from occurrence of a Put Event, a Put Event Notice shall be given by the Issuer to Noteholders in accordance with Condition 15 (*Notices*). For so long as the Notes are listed on the regulated market of Euronext Dublin and the rules of such exchange so require, the Issuer shall also notify Euronext Dublin promptly of any such Put Event, providing information equivalent to that required to be given in a Put Event Notice under this Condition 6(d).

In order to exercise the option contained in this Condition 6(d), the holder of a Note must, on any Business Day during the Put Event Notice Period, deposit with any Paying Agent such Note, together with all unmatured Coupons relating thereto and a duly completed Put Option Notice. The Paying Agent with which a Note is so deposited shall deliver a duly completed Put Option Receipt for such Note to the depositing Noteholder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 6(d), may be withdrawn, *provided,*

however, that if, prior to the Put Option Redemption Date, any such Note becomes immediately due and payable or, upon due presentation of any such Note on the Put Option Redemption Date, payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall give notification thereof to the depositing Noteholder in such manner and/or at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by a Paying Agent in accordance with this Condition 6(d), the depositor of such Note and not such Paying Agent shall be deemed to be the holder of such Note for all purposes.

(e) ***No other redemption***

The Issuer shall not be entitled to redeem the Notes otherwise than as provided in Conditions 6(a) (*Scheduled Redemption*) to (d) (*Redemption at the option of Noteholders upon a Put Event*) above.

(f) ***Purchase***

The Issuer or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise and at any price, *provided that* all unmatured Coupons are purchased therewith.

(g) ***Cancellation***

All Notes so redeemed or purchased by the Issuer or any of its Subsidiaries and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

7. Payments

(a) ***Principal***

Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by transfer to a Euro account (or other account to which Euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET System.

(b) ***Interest***

Payments of interest shall, subject to Condition 7(f) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in Condition 7(a) (*Principal*) above.

(c) ***Payments subject to fiscal laws***

All payments in respect of the Notes are subject in all cases to:

(i) any applicable fiscal or other laws and regulations in the place of payment; and

(ii) any FATCA Withholding,

but in any event without prejudice to the provisions of Condition 8 (*Taxation*). No commissions or expenses shall be charged by or on behalf of the Issuer or any of its agents to the Noteholders or Couponholders in respect of such payments.

(d) ***Deduction for unmatured Coupons***

If a Note is presented without all unmatured Coupons relating thereto, then:

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

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

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

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

Each sum of principal so deducted shall be paid in the manner provided in Condition 7(a) (*Principal*) above against presentation and (*provided that* payment is made in full) surrender of the relevant missing Coupons. No payments will be made in respect of void coupons.

(e) ***Payments on business days***

If the due date for payment of any amount in respect of any Note or Coupon is not a Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.

(f) ***Payments other than in respect of matured Coupons***

Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States.

(g) ***Partial payments***

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

8. Taxation

(a) ***Gross-up***

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy or any

political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

(i) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some actual or deemed connection with the Republic of Italy other than the mere holding of the Note or Coupon; or

(ii) in relation to any payment or deduction of any interest, principal or other proceeds of any Note or Coupon on account of *imposta sostitutiva*, pursuant to Italian Legislative Decree No. 239 of 1 April 1996 ("**Decree No. 239**") and related implementing regulations, as amended, supplemented or re-enacted from time to time; or

(iii) by or on behalf of a holder who would have been able to avoid such withholding or deduction by (A) presenting the relevant Note or Coupon to another available Paying Agent in a Member State of the European Union or (B) making a declaration of non-residence or other similar claim for an exemption; or

(iv) in each case, in which the requirements and formalities to obtain an exemption from *imposta sostitutiva* under Decree No. 239 have not been complied with, except where such formalities have not been complied with due solely to the actions or omissions of the Issuer or its agents; or

(v) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days, assuming that day to have been a Business Day; or

(vi) for or on account of any amount to be withheld or deducted by means of any FATCA Withholding.

(b) ***Taxing jurisdiction***

If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of Italy, references in these Conditions to the Republic of Italy shall be construed as references to the Republic of Italy and/or such other jurisdiction.

9. Events of Default

If any of the following events occurs:

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

(b) ***Breach of other obligations****:* the Issuer defaults in the performance or observance of any of its obligations under or in respect of the Notes under these Conditions (other than the payment obligations provided for under Condition 9(a)) and such default remains unremedied for 30 days after written notice thereof, addressed to the Issuer, has been delivered by or on behalf of any Noteholder to the Issuer or to the Specified Office of the Fiscal Agent; or

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

(i) any Indebtedness of the Issuer or any of its Material Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;

(ii) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of an actual or potential default (however described);

(iii) any Security Interest created or assumed by the Issuer or any of its Material Subsidiaries to secure Indebtedness is (or becomes capable of being) enforced; or

(iv) the Issuer or any of its Material Subsidiaries fails to pay when due or (as the case may be) within any originally applicable grace period any amount payable by it under any guarantee and/or indemnity given by it in relation to any Indebtedness,

provided that the amount of Indebtedness referred to in sub-paragraph (i), (ii) and/or (iii) above and/or the amount payable under any guarantee and/or indemnity referred to in sub-paragraph (iv) above individually or in the aggregate exceeds €15,000,000 (or its equivalent in any other currency or currencies); or

(d) ***Unsatisfied judgment****:* one or more judgment(s) or order(s) for the payment of any amount in excess of €15,000,000 (or its equivalent in any other currency or currencies), whether individually or in the aggregate, is rendered against the Issuer or any of its Material Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or

(e) ***Security enforced****:* (i) a secured party takes possession of, or a receiver, manager or other similar officer is appointed (or application for any such appointment is made and is not dismissed within 30 days) in respect of, either all or any part of the undertaking, assets and/or revenues of the Issuer or any of its Material Subsidiaries which (A) secures Indebtedness or any guarantee and/or indemnity in respect of Indebtedness of the Issuer or any such Material Subsidiary that, individually or in the aggregate, exceeds €15,000,000 (or its equivalent in any other currency or currencies) or (B) otherwise represents a Substantial Part of the undertaking, assets and/or revenues of the Issuer or any of its Material Subsidiaries; or (ii) a distress, execution, attachment, sequestration or other process is levied, enforced upon or put in force against, all or a Substantial Part of the undertaking, assets and revenues of the Issuer or any of its Material Subsidiaries; or

(f) ***Insolvency, etc****:* (i) the Issuer or any of its Material Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an administrator, liquidator or other similar officer is appointed in respect of the Issuer or any of its Material Subsidiaries or the whole or any Substantial Part of the undertaking, assets and/or revenues of the Issuer or any of its Material Subsidiaries (or application for any such appointment is made and is not dismissed within 30 days), (iii) the Issuer or any of its Material Subsidiaries takes any action for a general readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or any class of its creditors, or (iv) the Issuer or any of its Material Subsidiaries declares or proposes a moratorium in respect of any of its Indebtedness or any guarantee and/or indemnity given by it in relation to any Indebtedness; or

(g) ***Cessation of business****:* the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on all or a Substantial Part of its business (otherwise than for the purposes of, or pursuant to, a Permitted Reorganisation); or

(h) ***Winding up, etc****:* an order is made by any competent court or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Material Subsidiaries (otherwise than for the purposes of, or pursuant to, a Permitted Reorganisation); or

(i) ***Analogous event****:* any event occurs which under the laws of the Republic of Italy has an analogous effect to any of the events referred to in paragraphs (d) (*Unsatisfied judgment*) to (h) (*Winding up, etc.*) above; or

(j) ***Failure to take action etc***: any action, condition or thing (including, without limitation, the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence or order) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, perform and comply with its obligations under and in respect of the Notes and the Agency Agreement, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes and the Coupons admissible in evidence in the courts of the Republic of Italy is not taken, fulfilled or done; or

(k) ***Unlawfulness****:* it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Notes or the Agency Agreement or any such obligations cease or will cease to be legal, valid, binding and enforceable,

then any Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or to the Specified Office of the Fiscal Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its principal amount together with accrued interest without further action or formality.

10. Prescription

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

11. Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Fiscal Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Paying Agent may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

12. Paying Agents

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

The initial Paying Agents and their initial Specified Offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor fiscal agent and additional or successor paying agents; *provided, however, that* the Issuer shall at all times maintain (a) a fiscal agent, (b) for so long as the Notes are listed on Euronext Dublin and it is a requirement of applicable laws and regulations, a paying agent in the Republic of Ireland and (c) a paying agent in a jurisdiction within the European Union, other than the Republic of Italy or (if different) the jurisdiction to which the Issuer is subject for the purpose of Condition 8(b) (*Taxing jurisdiction*).

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

13. Meetings of Noteholders; Noteholders' Representative; Modification

(a) ***Meetings of Noteholders***

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including, *inter alia*, the modification or abrogation by Extraordinary Resolution of the Notes or any of the provisions of the Agency Agreement. Such provisions are subject to compliance with mandatory laws, legislation, rules and regulations of Italy applicable to the Issuer from time to time and, where applicable Italian law so requires, the Issuer's By-laws, including any amendment, restatement or re-enactment of such laws, legislation, rules and regulations (or, where applicable, the Issuer's By-laws) taking effect at any time on or after the Issue Date.

Subject to the above:

(i) any such meeting may be convened by the board of directors of the Issuer or the Noteholders' Representative (as defined below) at their discretion and, in any event, upon a request in writing by Noteholder(s) holding not less than one-twentieth of the aggregate principal amount of the outstanding Notes;

(ii) such a meeting will be validly convened if attended by one or more persons holding or representing:

(A) for voting on any matter other than a Reserved Matter: (1) in the case of an initial meeting, more than half of the aggregate principal amount of the Notes and (2) in the case of a meeting convened following adjournment of the initial meeting for want of quorum, more than one third of the aggregate principal amount of the outstanding Notes; or

(B) for voting on a Reserved Matter, at least half of the aggregate amount of the outstanding Notes,

provided that the Issuer's By-laws may provide for higher quorums;

(iii) the majority required to pass an Extraordinary Resolution at a meeting convened to vote on an Extraordinary Resolution will be:

(A) for voting on any matter other than a Reserved Matter, one or more persons holding or representing: (1) in the case of an initial meeting, more than half of the aggregate principal amount of the outstanding Notes; and (2) in the case of a meeting convened following adjournment of the initial meeting for want of quorum, at least two thirds of the aggregate principal amount of the outstanding Notes represented at the meeting; or

(B) for voting on a Reserved Matter, one or more persons holding or representing the higher of: (1) at least half of the aggregate principal amount of the outstanding Notes; and (2) at least two thirds of the aggregate principal amount of the outstanding Notes represented at the meeting,

provided that the Issuer's By-laws may provide for larger majorities.

An Extraordinary Resolution duly passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders.

(b) ***Noteholders' Representative***

Pursuant to Articles 2415 and 2417 of the Italian Civil Code, a representative of the Noteholders (*rappresentante comune* or "**Noteholders' Representative**") is appointed, *inter alia*, to represent

the interests of Noteholders, such appointment to be made by an Extraordinary Resolution or by an order of a competent court at the request of one or more Noteholders or the Issuer. Each such Noteholders' Representative shall have the powers and duties set out in Article 2418 of the Italian Civil Code.

(c) ***Modification***

The Notes and these Conditions may be amended without the consent of the Noteholders or the Couponholders to correct a manifest error. In addition, the parties to the Agency Agreement may agree to modify any provision thereof, but the Issuer shall not agree, without the consent of the Noteholders, to any such modification unless it is of a formal, minor or technical nature, it is made to correct a manifest error or it is not materially prejudicial to the interests of the Noteholders. In addition, the parties to the Agency Agreement may agree, without the consent of the Noteholders, to modify any provision thereof in order to comply with mandatory laws, legislation, rules and regulations of the Republic of Italy applicable to the convening of meetings, quorums and the majorities required to pass an Extraordinary Resolution.

14. Further Issues

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

15. Notices

Notices to the Noteholders shall be valid if published in a reputable leading English language daily newspaper published in London with an international circulation and, for so long as the Notes are admitted to trading on the regulated market of Euronext Dublin and it is a requirement of applicable laws and regulations, in a leading newspaper having general circulation in the Republic of Ireland or on the website of Euronext Dublin (*www.euronext.com/it/markets/dublin*) or, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe (which is expected to be the *Financial Times*). Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

16. Currency Indemnity

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

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

17. Governing Law and Jurisdiction

(a) ***Governing law***

The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by English law. Condition 13 (*Meetings of Noteholders; Noteholders' Representative; Modification*) and the provisions of the Agency Agreement concerning the meetings of Noteholders are subject to compliance with mandatory provisions of Italian law.

(b) ***Jurisdiction***

The courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including any non-contractual obligation arising out of or in connection with the Notes). The Issuer agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

(c) ***Proceedings outside England***

Condition 17(b) (*Jurisdiction*) is for the benefit of Noteholders only. To the extent allowed by law, any Noteholder may take (i) proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction and (ii) concurrent Proceedings in any number of jurisdictions.

(d) ***Process agent***

The Issuer agrees that the documents which start any Proceedings and any other documents required to be served in relation to those Proceedings may be served on it by being delivered to Law Debenture Corporate Services Limited at 8th Floor, 100 Bishopsgate, London, EC2N 4AG or, if different, at its registered office for the time being or at any address of the Issuer in Great Britain at which process may be served on it in accordance with the Companies Act 2006. If such Person is not or ceases to be effectively appointed to accept service of process on behalf of the Issuer or it ceases to be registered in England or, for any other reason, is unable or unwilling to act in such capacity, the Issuer shall immediately appoint a further Person in England to accept service of process on its behalf. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing in this paragraph shall affect the right of any Noteholder to serve process in any other manner permitted by law.

There will appear at the foot of the Conditions endorsed on each Note in definitive form the names and Specified Offices of the Paying Agents as set out at the end of this Prospectus.

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SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

*The following is a summary of the provisions to be contained in the Temporary Global Note and the Permanent Global Note (together, the "**Global Notes**") which will apply to, and in some cases modify, the Terms and Conditions of the Notes while the Notes are represented by the Global Notes.*

Initial form of Notes

The Notes will initially be in the form of the Temporary Global Note which will be deposited on or around the Closing Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

Eligibility of the Notes for Eurosystem monetary policy

The Notes will be issued in NGN form and, as such, are intended to be held in a manner which will allow for them to be eligible as collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem. This means that the Notes are upon issue deposited with one of the international central securities depositories (ICSDs) as common safekeeper but does not necessarily mean that the Notes will actually be recognised as eligible, either upon issue or at any time during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria and other obligations, as specified by the European Central Bank from time to time.

Exchange for Permanent Global Notes

The Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Closing Date, upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Tradeable amounts

So long as the Notes are represented by a Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in the minimum authorised denomination of €100,000 and higher integral multiples of €1,000, up to and including €199,000.

Exchange for Definitive Notes

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**") in denominations of €100,000 and higher integral multiples of €1,000, up to and including €199,000, at the request of the bearer of the Permanent Global Note if (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 9 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons attached (in respect of interest which has not already been paid in full on the Permanent Global Note), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Fiscal Agent within 30 days of the bearer requesting such exchange.

If:

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

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

then the Permanent Global Note (including the obligation to deliver Definitive Notes) will become void at 5.00 p.m. (London time) on such thirtieth day (in the case of (i) above) or at 5.00 p.m. (London time) on such due date (in the case of (ii) above) and the bearer of the Permanent Global Note will have no further rights thereunder, but without prejudice to the rights which the bearer of the Permanent Global Note or others may have under a deed of covenant executed by the Issuer dated 22 November 2021 (the "**Deed of Covenant**"). Under the Deed of Covenant, persons shown in the records of Euroclear and/or Clearstream, Luxembourg as being entitled to an interest in the Permanent Global Note will acquire directly against the Issuer all those rights to which they would have been entitled if, immediately before the Permanent Global Note became void, they had been the holders of Definitive Notes in an aggregate principal amount equal to the principal amount of Notes they were shown as holding in the records of Euroclear and/or (as the case may be) Clearstream, Luxembourg. Copies of the Deed of Covenant are available for inspection by Noteholders during normal business hours at the Specified Offices of each of the Paying Agents.

Modifications to Terms and Conditions of the Notes

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

Payments

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

Payments on business days

In the case of all payments made in respect of the Temporary Global Note and the Permanent Global Note, "**Business Day**" means any day which is a TARGET Settlement Day.

Exercise of put option

In order to exercise the option contained in Condition 6(d) (*Redemption at the option of Noteholders upon a Put Event*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Fiscal Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Notices

Notwithstanding Condition 15 (*Notices*), while all the Notes are represented by the Permanent Global Note and/or the Temporary Global Note, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 15 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg, except that, for so long as such Notes are admitted to

trading on Euronext Dublin and it is a requirement of applicable law or regulations, such notices shall also be published in a leading newspaper having general circulation in the Republic of Ireland or published on the website of Euronext Dublin (*https://live.euronext.com*).

DESCRIPTION OF THE ISSUER AND CVA GROUP

Compagnia Valdostana delle Acque – Compagnie Valdôtaine des Eaux S.p.A. or, in abbreviated form, C.V.A. S.p.A. ("**CVA**", the "**Company**" or the "**Issuer**", and together with its subsidiaries, the "**CVA Group**" or the "**Group**") is a joint stock company limited by shares (*società per azioni*) incorporated under Italian law, with a sole shareholder. Its registered office is at Via Stazione 31 in Châtillon (AO), which is in the Autonomous Region of Valle d'Aosta in north-western Italy. Its Tax Code, VAT and registration number with the Companies' Registry of Aosta is 01013130073 and its REA (*Repertorio Economico Amministrativo*) of the Chamber of Commerce of Aosta is No. 61357.

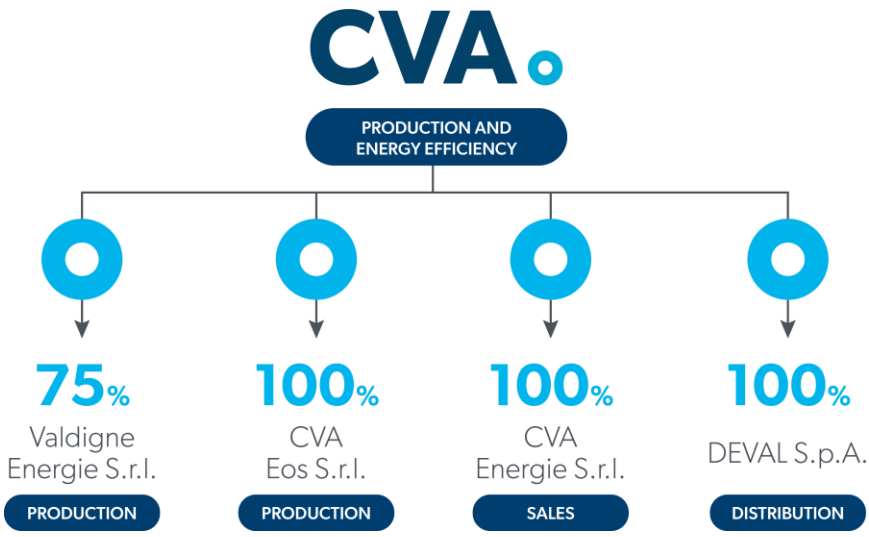
The Issuer was incorporated on 7 December 2000 under the name "Geval S.p.A.". Following the merger by incorporation of the company Compagnia Valdostana delle Acque S.p.A. into Geval S.p.A. on 21 December 2001 (see "*History*" below), the Issuer adopted its current company name. The Issuer's duration, as set out in its Articles of Association, is until 31 December 2050, subject to possible extension.

The corporate objects of CVA Group, as provided by its by-laws, include, *inter alia*: (i) the production of electricity and related activities and services, including management of plants and concessions and related services, import and export, distribution and sale; (ii) district heating and telecommunications in connection with the local territory and urban areas and related services; and (iii) in connection with points (i) and (ii) above, the design, construction, maintenance and management of electricity production plants, and the production and sale of equipment; research, consultancy and assistance activities; as well as the acquisition, sale, marketing and trading of goods and services.

The Company is wholly owned by Finaosta S.p.A. ("**Finaosta**"), which in turn is 100% controlled by the Autonomous Region of Valle D'Aosta (see "*Share Capital and Shareholders*" below).

Current Group Structure

The following organisational chart illustrates the structure of the CVA Group as at the date of this Prospectus.



The Group's activities are currently organised as follows:

- CVA and its subsidiaries Valdigne Energie S.r.l. ("**Valdigne**") and CVA Eos S.r.l. a s.u. ("**CVA Eos**") operate in the production of electricity from renewable sources through a total of 44 plants (32 hydroelctric, 8 wind farms and 4 photovoltaic solar plants);

- CVA also provides as a general contractor services related to renovation of buildings with the objective of increasing energy efficiency and reduce CO_2 emissions;
- CVA Energie s.r.l. ("**CVA Energie**") supplies electricity to end customers with a total of 2 TWh of electricity supplied in 2020; and
- Deval S.p.A. ("**Deval**") is active in the distribution of electricity through a network covering 68 municipalities in the Valle d'Aosta region.

The Issuer exercises management and coordination activities, pursuant to articles 2497 *et seq.* of the Civil Code, over CVA Energie, Deval, Valdigne and CVA Eos.

The Issuer provides CVA Group companies with strategic direction, coordination and control of the CVA Group's industrial management, services in support of the CVA Group's business and operating activities (including administrative and accounting, legal, procurement, personnel management, information technology and communication services) in favour of the CVA Group.

In addition, the Issuer holds minority investments in the following companies which primarily provide district heating services:

- a 10.98% stake in Telechauffagge S.r.l. ("**Telcha**"); and
- a 13.70% stake in Le Brasier S.r.l. ("**Le Brasier**").

As at 31 December 2020, the Issuer had provided certain financings to Telcha for an amount equal to €7,558 thousand.

Relationships of a commercial and financial nature are and have been maintained between the Issuer and other companies of the CVA Group. All such relationships are consistent with business activities carried out by each interested party subject to terms and conditions considered to be at arm's length.

History

Origins and development

In 1995, the government of the Valle d'Aosta region acquired from the steelmaker Cogne Acciai Speciali S.p.A. the entire share capital of ILVA Centrali Elettriche S.p.A., which owned and operated three hydroelectric power ("**HEP**") plants in the region (Verrès, Champagne 2 and Lillaz), and thereafter changed the company's name to "Compagnia Valdostana delle Acque S.p.A." (the "**Predecessor Company**"). Over time and through various transactions, the Predecessor Company increased the number of power plants it owned and operated to four.

As part of the process of privatisation and liberalisation of the Italian energy market, in June 2001 the Italian state-owned and incumbent operator, Enel S.p.A. ("**Enel**"), transferred 26 hydro power plants - of which 25 were located in Valle d'Aosta - to Geval S.p.A. ("**Geval**"), which at the time was one of its subsidiaries. Subsequently, Enel sold the entire share capital of Geval to Finaosta, a holding company established by the Valle d'Aosta region for the purpose of conducting financial investments, as well as 49% of the share capital of Deval, which sold and distributed electricity to end users in the Valle d'Aosta region.

On 21 December 2001, the Predecessor Company and Geval were merged by Finaosta and the resulting company adopted its current corporate name of "CVA S.p.A. – Compagnia Valdostana delle Acque – Compagnie Valdôtaine des Eaux S.p.A.".

Between 2001 and 2009, the Company primarily focused on the management of its existing portfolio of power plants, while gradually consolidating its position in the energy market through the activities of its energy trading and management subsidiary CVA Trading which it had established in November 2001.

Consolidation in HEP and entry into photovoltaic and wind power

Commencing from 2009, the Group expanded its operations into solar and wind power production, primarily through acquisitions of shareholdings in companies which already owned and operated power plants. In 2010, CVA purchased a 50% interest in Saint Denis Vento S.r.l. ("**Saint Denis Vento**"), a corporate vehicle owning a wind farm located close to the village of Saint Denis.

In August 2011, CVA acquired 49% of the shares of Deval from its parent company Finaosta, together with 49% of the capital of Vallenergie S.p.A. ("**Vallenergie**"), a company operating in the sale of electricity at a local level on the regulated market (so called "*maggior tutela*"). Subsequently, in November 2011, CVA acquired the remaining 51% of the shares of both companies from Enel.

During 2012, the Group acquired a wind farm in Piansano and Arlena di Castro (Viterbo) in Lazio with a total capacity of 42 MW by acquiring the share capital of the vehicle Piansano Energy S.r.l.

In 2013, Vallenergie was merged by incorporation into CVA Trading, which was subsequently renamed CVA Energie in December 2020.

In 2014, CVA acquired the remaining 50% of the shares of Saint Denis Vento.

With reference to the year 2015, the Issuer carried out, *inter alia*, the following transactions:

- purchase of 100% of the capital of Ponte Albanito S.r.l., a company which manages a wind farm with a total capacity of 23 MW; and
- as part of the Group's corporate reorganisation, intra-group merger by incorporation of Piansano Energy S.r.l., Ponte Albanito S.r.l. and Saint Denis Vento S.r.l. into the Issuer.

Continuing to implement its expansion strategy in the wind power sector, in 2016 the Group acquired wind power plants in Apulia, through the newly incorporated companies Laterza Aria Wind S.r.l. and Laterza Wind 2 S.r.l. (later merged into Laterza Aria Wind, which in turn became CVA Vento following a change of name).

In January 2017, the Group acquired another wind farm located in Apulia, through the acquisition of all the shares of the special purpose vehicle Tarifa Energia S.r.l..

In July 2018, CVA completed the acquisition of Wind Farm Monteverde S.r.l., a vehicle holding the ownership of a wind power plant located in the Municipality of Monteverde and with a capacity of 38 MW.

In December 2020, CVA Vento changed its name to CVA Eos S.r.l. and Wind Farm Monteverde was merged by incorporation into the newly renamed legal entity.

Business

Introduction

Based in the Region of Valle d'Aosta, the Issuer is one of Italy's leading[2] renewable energy companies, producing electricity from hydropower, wind and solar plants, both directly and through its subsidiaries, Valdigne Energie and CVA Eos. The production of energy from renewable sources can benefit from national incentive schemes, which enables the producer to receive public financial resources in proportion to the energy produced. The incentive systems differ depending on the type of renewable energy source used, the capacity of the plant and the scheme in effect at the time when the plants were included in the incentive scheme. For the year ended 31 December 2020, the Group received incentive revenues of €49.6 million.

[2] *Source*: ARERA Annual Report 2020, Volume 1, Chapter 2

In addition, CVA sells electricity to corporate and retail customers in Italy and distributes electricity throughout Valle d'Aosta through a transmission grid that it owns and operates. As at the date of this Prospectus, it operates 44 plants, all located in Italy, and with a total installed capacity of 1,104 MW and a total annual average production capacity of 3.3 TWh.

Through its subsidiary CVA Energie, it sells electricity to free market customers and in the regulated market (so called "*maggior tutela*"). As of 31 December 2020, its customer portfolio included 799 corporate clients, 44,686 retail clients and 41,092 regulated market clients. CVA Energie also trades in the energy market, buying or selling power in response to the Group's needs or market opportunities, or to hedge risks arising from fluctuations of energy prices in the marketplace.

Through its subsidiary Deval, the Issuer holds the concession as almost the sole distributor of electricity in Valle d'Aosta. As of 31 December 2020, the power grid it managed in the region served 68 municipalities and included 57 km of high-voltage lines, 1,488 km of medium voltage lines and 2,610 km of low voltage lines, with 130,000 distribution points.

As of the end of 2020, the Issuer was the fifth largest renewable energy generator in Italy[3].

For the year ended 31 December 2020, the CVA Group's revenues amounted to €536,182 thousand and its EBITDA was €138,933 thousand. The table below provides a breakdown of the CVA Group's revenues and EBITDA according to business unit.

	For the year ended 31 December 2020						
	Hydro-electric	***Distribution***	***Sales***	***Other renewable energy***	***Corporate***	***Adjustments***	***Total***
	(thousands of Euro)						
Revenues	152,941	33,419	461,416	38,854	3,653	-154,101	536,182
Personnel cost	-13,845	-6,826	-4,114	-301	-13,384	1	-38,469
Other operating costs	-43,211	-10,518	-440,744	-7,721	-10,211	153,625	-358,78
EBITDA	**95,884**	**16,076**	**16,558**	**30,831**	**-19,942**	**-475**	**138,933**
% of revenues	*62.7%*	*48.1%*	*3.6%*	*79.4%*	*-545.9%*	*-*	*25.9%*

For the year ended 31 December 2019, the CVA Group's revenues amounted to €805,433 thousand and its EBITDA was €152,458 thousand. The table below provides a breakdown of the CVA Group's revenues and EBITDA according to business unit.

	For the year ended 31 December 2019						
	Hydro-electric	***Distribution***	***Sales***	***Other renewable energy***	***Corporate***	***Adjustments***	***Total***
	(thousands of Euro)						
Revenues	162,752	33,881	736,075	44,394	3,284	-174,953	805,433
Personnel cost	-13,296	-6,590	-4,142	-289	-10,529	6	-34,839
Other operating costs	-42,331	-10,302	-721,752	-8,393	-9,807	174,449	-618,136
EBITDA	**107,125**	**16,990**	**10,181**	**35,712**	**-17,052**	**-497**	**152,458**
% of revenues	65.8%	50.1%	1.4%	80.4%	-519.3%	0.0%	18.9%

[3] Source: ARERA Annual report 2020, Volume 1, Chapter 2

The CVA Group's activities are currently organised through the business units described below.

Hydroelectric

As at the date of this Prospectus, the Group owns and operates 31 hydroelectric plants located in Valle d'Aosta and one in Piedmont, of which 28 are governed by a "large-scale diversion" concession and four by a "small-scale diversion" concession. 18 plants are run-of-the-river; nine are in water basins and five are in reservoirs. Four plants are enabled to distribute electricity directly to the grid (Valpelline, Maen, Perreres and Gressoney). Due to the large size of these plants, the Italian grid operator – Terna – has deemed them to be of strategic importance ("*Unità Rilevante Abilitata*"). This classification entails an obligation to supply power to the grid when so requested by Terna, although the supplier can determine the unit price of the electricity to be supplied. As at 31 December 2020, these plants had a total net installed capacity of 934 MW and a net average yearly production of 3.0 TWh.

The Group owns six large dams that are subject to supervision by the Directorate General for Dams and Water and Electrical Infrastructure of the Italian Ministry for Infrastructure and Transport. The Directorate General for Dams and Water and Electrical Infrastructure carries out regular inspection visits on its facilities, monitors its own control activities, and its approval has to be obtained for the carrying out of any new projects or extraordinary maintenance works.

The Valpelline, Avise, Perrères, Maën, Covalou, Pont-Saint-Martin, Gressoney, Sendren, and Zuino plants are included in the resupply and reconnection emergency plan for the national electricity system drawn up by Terna S.p.A. ("**Terna**"), the national grid operator. In the event of a blackout of the national transmission grid, the plan provides that all listed plants should autonomously commence restart operations intended to revive and repower the grid. The Issuer is not remunerated for this service, which is deemed of national importance in the event of emergencies.

Perrères and Gressoney power plants are classified as crucial plants for the security of the national grid system, as they have the capacity to supply isolated sections of the grid that serve the Cervinia and Gressoney areas, given their capacity to independently supply and maintain the minimum voltage and frequency parameters within this section of the grid ("*stand-alone operation*"). One plant (Champagne II) is currently managed by the CVA Group under an extension regime ("*in prorogatio*") until a new operator is identified based on a public tender procedure as provided by the applicable law.

The hydro power plants are subject to ordinary and periodic maintenance during their normal operation as well as during scheduled shutdowns for maintenance. Maintenance is carried out by the Group's internal teams and operational departments.

The Issuer operates its HEP plants under a sub-concession arrangement from the Region of Valle d'Aosta, granted in accordance with national and regional laws regulating the management and use of public water. These concessions have been granted to it and to Valdigne Energie, and mostly expire in 2029. Upon expiration, the terms for renewal of the concession vary depending on whether the plant is governed by a "large-scale diversion" concession (applicable to facilities with a nominal average annual capacity of over 3,000 kW), or by a "small diversion" concession (a nominal average annual capacity lower than or equivalent to 3,000 kW). Concessions for the operation of large-scale diversion of water plants are awarded on the basis of public tender processes, as provided under Article 12 of Legislative Decree No. 79/1999. New concessions for small diversion plants, on the other hand, are expected to be re-awarded to the existing concession holder, for a term and under other conditions set by the granting authority from time to time, and upon application by the existing concession holder pursuant to Article 30 of Royal Decree No. 1775/1933, as long as such renewal is not deemed to conflict with overriding public interest.

The following chart shows details of each concession, including their expiry date.

Legal entity	Plant	Capacity (MW)	Expiry Date
CVA	Avise	146.70	31/03/29
	Aymavilles	9.04	31/03/29
	Bard	3.80	31/03/29
	Champagne I	14.10	31/03/29
	Champagne II	32.35	31/12/22[4]
	Champdepraz	2.55	31/03/29
	Chatillon	29.40	31/03/29
	Chavonne	33.09	31/03/29
	Covalou	45.82	31/03/29
	Grand Eyvia	1.74	31/12/30
	Gressoney	17.70	31/03/29
	Hone I	18.45	31/03/29
	Hone II	11.80	31/03/29
	Isollaz	35.28	31/03/29
	Issime	3.20	16/02/29
	Lillaz	1.16	31/12/40
	Maen	47.02	31/03/29[5]
	Montjovet	50.00	31/03/29
	Nus	7.81	31/03/29
	Perreres	18.86	31/03/29
	Pont-Saint-Martin	51.45	31/03/29
	Quart	40.84	31/03/29
	Quincinetto II	23.14	31/03/29
	Saint-Clair	34.30	31/03/29
	Sendren	9.95	31/03/29
	Signayes	43.50	31/03/29
	Valpelline	138.75	31/03/29
	Verres	12.20	07/04/44
	Zuino	23.20	31/03/29
Valdigne Energie	Faubourg	11.22	20/03/32
	Torrent	15.58	20/09/37

Other renewable energy sources

As at the date of this Prospectus, the Issuer owns eight wind farms, directly or through its subsidiary CVA Eos, with an overall installed capacity of 158 MW and a net yearly average production of above 300 GWh.

Maintenance activities on the Group's wind farms are performed primarily by third parties pursuant to operation and maintenance ("**O&M**") contracts relating to electrical and civil engineering works and maintenance of the turbines. Accordingly, the contractor (who usually built the plant or was the supplier of the turbines) is entrusted with performing the maintenance services in order to guarantee agreed performance or availability levels for the turbines, in exchange for an overall fee. If these levels are not complied with, the contractor may be liable for penalties payable to the CVA Group. The O&M contracts for the maintenance of the turbines signed by the Group's companies have an overall term that ranges between 10 and 15 years. The Issuer aims to monitor continuously the performance, safety record and professionalism of its contractors, their compliance with applicable health and safety at work regulations

[4] The concession related to the hydroelectric plant Champagne II has expired and the plant is currently managed under an extension regime ("in prorogation") till the end end of December 2022

[5] In Maen, CVA owns and manages two hydroelectric plants located within the same building and under one concession

and employment laws.

In the solar power sector, the Issuer owns and operates four plants, located across North-West Italy, the three main ones being ground-mounted solar power plants. As of 31 December 2020, the aggregate nominal installed capacity of its solar plants was 13 MW, with an annual average production capacity of 16 GWh. Maintenance activities on the Group's photovoltaic plants are performed primarily by third parties pursuant to O&M contracts relating to electrical and civil engineering works and maintenance of the photovoltaic parks.

As part of its strategic plan 2021-2025, the Group is progressively developing its own greenfield solar and wind power projects rather than purchasing projects developed by third parties.

Electricity sales and trading

The Issuer's electricity sales business unit operates through the subsidiary CVA Energie and is active in the sale and supply of electricity to end users across Italy. CVA Energie is also in charge of energy management activities, which include either the physical or the financial purchase and sale of electricity on the markets, primarily with a view to securing its supply sources to ensure the CVA Energie is able to meet its commitments to its customers, and also with a view to hedging risks arising from fluctuations in the price of electricity in the market.

CVA Energie is an operator recognised by and admitted to trading on the Italian electricity market by the Gestore dei Mercati Energetici S.p.A., the electricity market operator, and to trading on EPEX by EEX AG.

Purchase of electricity

CVA Energie purchases quantities consumed by customers on the regulated market from Acquirente Unico S.p.A. As part of its electricity supply activities, and to guarantee continuity of supply to its customers, CVA Energie receives and purchases electricity through the grid's dispatching service.

Sales of electricity

Through CVA Energie, the Issuer sells electricity nationwide on the free market, as well as on the regulated market in Valle d'Aosta. In the free market, energy is sold in accordance with terms agreed between the parties, while terms of sales on the regulated market are determined by the Italian Regulatory Authority for Energy, Networks and Environment (*Autorità di Regolazione per Energia Reti Ambiente,* "**ARERA**" or the "**Authority**"). For the year ended 31 December 2020, the Group, through CVA Energie, sold a total of 2,148 GWh.

Energy management

CVA Energie also carries out energy management activities, by making offers and sales of power in the wholesale market, in Italy or abroad, or by trading derivative energy products.

Power distribution

The Issuer provides power distribution services to the public through its subsidiary Deval. Deval operates pursuant to a free concession granted to it by the Italian government which expires in December 2030. The concession imposes certain requirements on Deval, such as the obligation to provide ordinary and extraordinary maintenance of the grid network, the carrying out of network infrastructure development works, the obligation to provide connecting infrastructure between the grid

and any user who requires a connection, as well as the obligation to charge prices in accordance with tariff regulations in effect. Power distribution is a "RAB" – Regulatory Assets Based activity[6].

Deval distributes electricity to the utilities connected to the distribution network in 68 out of a total of 74 districts in Valle d'Aosta, covering an area of approximately 3,163 km. The Group operates a high-voltage transmission grid distributing power generated by its power plant to the medium-voltage national grid, which in turn delivers electricity to end users and is managed by Terna. Deval also draws power from the national grid managed by Terna, and it is liable to make payments to Terna (in accordance with conditions set by ARERA) whenever the quantity of power drawn from the network exceeds the quantity fed into the grid by the Group.

Corporate and administration

The corporate and administration unit of the Issuer provides a number of centralised services for the benefit of the whole Group. These include management and direction of the overall strategy of the Group, as well as support services such as administration and accounting, legal, procurement, personnel management, information technology, and communications services.

The corporate business unit also manages "Open Innovation activities" projects, related to hydrogen technology, energy efficiency and implementation of smart energy solutions, which could lead to potential business opportunities in the near future.

Energy efficiency

In 2021 the Group's energy efficiency activities are reported under an additional business unit which is expected to have a central role in the implementation of the CVA Strategic Plan 2021-2025 (see "*Strategy and Capital Investments*" below).

Strategy and Capital Investments

The Issuer detailed its strategic view and potential results in an investment plan approved by the Board of the Company on 25 January 2021 and set out in its Strategic Plan 2021-25. In particular, the development of the strategy and growth is anchored around the following pillars:

- *Hydro*: investment in personnel and resources dedicated to exploiting new opportunities arising in the medium term from future tender offers on concessions related to hydropower plants;
- *Other renewables*: investment in new solar plants and wind farms (co-development of its own greenfield plants) and empowerment of internal operations in order to consolidate in-house asset management activities;
- *Energy efficiency*: investments in tri-generation plants, development of the business in the field of energy efficiency of buildings connected to government grants policies (i.e. "super bonus 110", etc.);
- *Distribution*: additional impulse in renewal of the lines (including ground lines to improve environmental impact and maintenance costs, empowerment of current lines, increase in grid resilience, digital grids and remote control devices);
- *Sales*: development in the retail market, review of the customer base in the "business" market, further steps in cross-selling activities; and

[6] This activity is measured on a Regulatory Asset Base whose value is the net invested capital in distribution and metering assets of the relevant concessions owned by Deval, as determined and/or approved by the relevant authority - ARERA - pursuant to the criteria, formulae and methods of calculation from time to time set forth under resolutions of the authority.

- *Open innovation*: analysis and pre-development of projects aiming to achieve innovative technological solutions for hydrogen, energy efficiency and smart energy applications.

Financing

As at 31 December 2020, CVA and its subsidiaries were the borrowers under six credit facilities, involving an outstanding aggregate principal amount of €327,976 thousand. Summarised below are the main terms of each outstanding credit facility granted to the CVA Group as at 31 December 2020.

Borrower	Lender	Signing date	Maturity date	Security	Amortising plan	Outstanding amount as at 31.12.2020[(1)] *(€ thousands)*
CVA	European Investment Bank	09/12/2010	30/11/2026	N/A	6-monthly instalments	66,000
CVA	Intesa Sanpaolo S.p.A.	31/05/2016	30/06/2023	Pledge over equipment and machinery	6-monthly instalments	44,898
CVA	Banca Nazionale del Lavoro S.p.A.	28/12/2018	31/12/2025	N/A	Bullet	100,000
CVA	Intesa Sanpaolo S.p.A.	28/12/2018	31/12/2025	N/A	Bullet	100,000
Valdigne	Intesa Sanpaolo S.p.A.	13/06/2008	13/06/2023	N/A	3-monthly instalments	11,363
Deval	Credit Agricole Italia S.p.A.	11/12/2015	29/12/2023	N/A	6-monthly instalments	5,715

(1) Outstanding amounts shown in the table are exposed gross of the effect of amortized cost accounting that amount to €848 thousand.

In the period from 1 January to 30 June 2021, CVA has entered into the financings summarised in the following table; following 30 June 2021, no further financing has been entered into.

Borrower	Lender	Signing date	Maturity date	Security	Amortising plan	Amount borrowed[(1)] *(€ thousands)*
CVA	Intesa Sanpaolo S.p.A.	29/03/2021	28/09/2022	N/A	Bullet	100,000
CVA	Mediobanca - Banca di Credito Finanziario S.p.A.	29/03/2021	31/12/2025	N/A	Bullet	30,000

(1) Internal management data (unaudited).

Since 31 December 2020, CVA has repaid the Intesa Sanpaolo financing originally granted in 2018 and has repaid €30,000 thousand of the Banca Nazionale del Lavoro financing.

Share Capital and Shareholders

As at 31 December 2020, CVA had a share capital of €395,000,000, divided into 395,000,000 ordinary shares with a nominal value of €1.00 each. Since 31 December 2020, there have been no changes to the Issuer's share capital. The Issuer's shares are unlisted.

Finaosta is the Issuer's sole shareholder and is in turn wholly owned by the Autonomous Region of Valle D'Aosta.

Management

Corporate governance applicable to CVA are provided for under the Italian Civil Code. The shareholders' meeting of the Issuer, in accordance with article 11, paragraph 3 of Legislative Decree No. 175 of 19 August 2016 (the "**Madia Decree**"), has adopted a board of directors (*Consiglio di Amministrazione*), which, within the limits prescribed by Italian law, has the power to delegate its general authority to an executive committee and/or one or more executive officers. In addition, the Italian Civil Code requires it to have a board of statutory auditors (*Collegio Sindacale*), which functions as a supervisory body.

Board of directors

The board of directors of the Issuer may be composed of up to five members and there are currently five members, four of whom were appointed by its ordinary shareholders at a meeting held on 19 August 2019, the other, Mr Giuseppe Argirò, having been appointed on 6 September 2021 following the resignation of a former member of the board (Mr Enrico De Girolamo).

The current board of directors is appointed until the date of the ordinary shareholders' meeting convened to approve the Issuer's financial statements as at and for the year ending 31 December 2021.

The following table lists the current members of the Issuer's board of directors, indicating their role within the Issuer and the positions held by them outside the Issuer (where these are significant to the Issuer).

Name	Role	Positions held outside the Group
Marco Cantamessa	Chairman	N/A
Giuseppe Argirò	CEO	N/A
Fabio Marra	Director	N/A
Monique Personnettaz	Director	N/A
Marzia Grand Blanc	Director	N/A

Board of statutory auditors

Under article 24 of the Issuer's By-laws (*statuto*), the board of statutory auditors is composed of three acting members and two substitutes. The current board of statutory auditors is appointed until the date of the ordinary meeting of shareholders convened to approve the Issuer's financial statements as at and for the year ending 31 December 2021. The following table sets out the members of the board of statutory auditors as at the date of this Prospectus.

Name	Role	Positions held outside the Group
Carmelo Marco Termine	Chairman of the Board of the Statutory Auditors	Partner and Director of MCA Audit S.r.l. Insolvency administrator of Soc.Coop.Arl Seman Chairman of the Board of the Statutory Auditors of Autoporto Valle d'Aosta S.p.A. Sole independent auditor of Zenith Società Cooperativa Sociale
Guido Bosonin	Auditor	Chairman of the Board of Directors of Elabsystem Società Cooperativa Vicechairman of the Board of Directors of Valconfi Società Cooperativa Chairman of the Board of Directors of Valservizi Società Cooperativa Sole Indipendent Auditor of La Crotta di Vegneron Coop. Agr. Chairman of the Board of the Statutory Auditors of Struttura Valle d'Aosta S.r.l. Independent Auditor of Tecnomec S.r.l. Alternate Auditor of Complesso Ospedaliero Umberto Parini S.r.l.
Federica Paesani	Auditor	Limited Partner of Pont des Neiges di Pagani Lero Rosanna & C. S.a.s. Partner of Micron S.r.l. Partner of A.DI.NO. S.r.l. in liquidation Partner of La Grenade S.r.l. Vicechairman of the Board of Directors of Alpifidi Società Cooperativa Limited Partner of R.A. di Pagani Lero Rosanna & C. S.a.s. Liquidator of Eldicoim S.r.l. – in liquidation Auditor of APS S.p.A. Alternate Auditor of Funivie Monte Bianco S.p.A. Alternate Auditor of Monterosa S.p.A.

Name	Role	Positions held outside the Group
Veronica Celesia	Alternate Auditor	Auditor of Cooperativa Forza e Luce di Aosta S.c.r.l.
		Auditor of APS S.p.A.
		Independent Auditor of Fondazione Maria Ida Viglino per la Cultura Musicale
		Independent Auditor of Monterosa S.p.A.
		Independent Auditor of SGF Supermercati S.r.l.
		Auditor of Società di Servizi Valle d'Aosta S.p.A.
		Liquidator of Valmon S.r.l. in liquidation
		Liquidator of C.E.A. Aosta S.r.l. in liquidation
Gianluca Villa	Alternate Auditor	Alternate Auditor of Courmayeur Mont Blanc Funivie S.p.A.
		Auditor of Greenway Costruzioni S.p.A.
		Member of the Executive Committee of Alpifidi Società Cooperativa
		Partner of Studio Beta Service S.r.l.
		Auditor of Arriva Veneto S.r.l.
		Auditor of IN.VA. S.p.A.
		Chairman of the Board of the Statutory Auditors of S.I.T. Vallee Soc. Cons. A.r.l.
		Chairman of the Board of the Statutory Auditors of Val Sorrisi S.p.A.
		Auditor of Cime Bianche S.p.A.

Senior management

The table below indicates the names and positions of each member of the Issuer's current senior management.

Name	Role	Positions held outside the Group
Enrico De Girolamo	General Manager	Partner and Sole Director of Evolution Project S.r.l.
		Partner of Energy Made S.r.l.
		Special Prosecutor of SEA S.r.l. in concordato preventivo
Lorenzo Artaz	Chief Operating Officer	N/A
Angelo Biagini	Chief Financial Officer	N/A

Business address

For the purposes of this Prospectus, the business address for each of the above directors, auditors and senior managers is the following: Via Stazione 31, Châtillon (AO), 11024.

Conflicts of Interest

Certain members of the board of directors and senior management are also members of the board of directors of certain companies of the and, as set out in the tables above, outside the Group. The

Company is not aware of any other potential conflict of interest between the obligations of the members of the board of directors, board of statutory auditors or senior management, arising from their respective positions within the Company and their respective private interests and/or other obligations.

231 Model

On 6 April 2006, the Issuer adopted its organisational, management and control model for the prevention of offences referred to in Decree No. 231/2001 ("**231 Model**"). The 231 Model has been updated several times by the Issuer, most recently on 27 October 2021. The Issuer, as well as its subsidiaries, appointed a supervisory board of a collegiate nature, consisting of three members, or a sole supervisor with the task of supervising the operation of and compliance with the model and ensuring that it is updated. In May 2021, the Issuer adopted the last version of the code of ethics (the "**Code of Ethics**") applicable to all Group companies, regarding the values and principles expressly related to the scope of specific operations and actual exposure to the risks/offences under Decree 231.

Independent Auditors

The current independent auditors of the Issuer are EY S.p.A. ("**EY**"), with their registered office in Via Lombardia 31, 00187 Rome, Italy. EY is authorised and regulated by the Italian Ministry of Economy and Finance ("**MEF**") and registered on the register of auditing firms held by MEF under number 70945, and is also a member of Assirevi (*Associazione Nazionale Revisori Contabili* or the Italian national association of auditing firms). EY's current appointment was made by the shareholders' meeting held on 28 June 2019 and lasts until the date of the ordinary shareholders' meeting convened to approve the financial statements as at and for the year ending 31 December 2021.

Employees

As at the date of this Prospectus, the Group had a total of 535 employees, including three managers, 64 middle managers, 350 clerks and 180 blue-collar workers.

Transactions with related parties

Transactions carried out by the Issuer and Group companies with related parties ("**Related Party Transactions**") present the typical risks associated with this type of transaction, including their impact on the objectivity and impartiality of decisions relating to such transactions. Related Party Transactions, identified on the basis of the criteria defined by IAS 24 - Related Party Disclosures, are mainly of a commercial and financial nature and are carried out on normal market conditions. Transactions with the companies belonging to the CVA Group, as well as with the other related parties – mainly the Region of Valle d'Aosta and the Issuer's holding company, Finaosta S.p.A. ("**Finaosta**"), as well as the other subsidiaries and associated companies – are governed by specific contracts. Although Related Party Transactions are carried out under normal market conditions and are potentially approved by the board of directors of the Issuer, there is no guarantee that, if they had been concluded between or with third parties, those third parties would have negotiated and signed the relative contracts, or carried out the transactions themselves, under the same conditions and in the same way. As at the date of this Prospectus, the Issuer's board of directors has neither passed any resolution nor adopted any procedure governing Related Party Transactions.

Relations with the parent company

The main contract with Finaosta concerns the supply of electricity through CVA Energie.

Relations with associates

The nature of relations with associated companies is related to the following aspects:

- *financial transactions*: interest-bearing loans granted by CVA to associated companies;

- *commercial relations*: supply of electricity through CVA Energie, under normal market conditions applied to the majority of customers.

Relations with other related parties

Pursuant to IAS 24, related parties also include the subsidiaries and associated companies of Finaosta, the Region and its subsidiaries, as well as the directors, executives with strategic responsibilities and statutory auditors of CVA, as parent company, and of Finaosta. The relations with these parties are mainly of a commercial nature, related to the supply of electricity, as well as compensation for the services performed by the directors, by the executives with strategic responsibilities and statutory auditors with respect to CVA. In the specific case of the Region, the main economic relationship arises from the economic relationship between the concession holder and the grantor with regard to hydroelectric concessions. The fees due to the Region and to the municipalities of the Region for the exploitation of water for hydroelectric purposes are, in fact, of paramount importance, amounting to €36.2 million for the year ended 31 December 2020.

Legal Proceedings

In the ordinary course of its activities, the companies of the CVA Group are involved in a number of proceedings. Below is a summary of the main legal proceedings in which CVA and its subsidiaries are involved.

Additional excise disputes

By its judgment No. 15198 of 4 June 2019 and subsequent judgments, the Italian Supreme Court (*Corte di Cassazione*) found that provisions imposing additional excise duties on customers for electricity were incompatible with Directive 2008/118/EC concerning general arrangements for excise duty. As a consequence, CVA Energie faces the risk of having to refund its customers for additional taxes collected and paid to the tax authorities for the years 2010 to 2012 (when those taxes were abolished) and amounting to approximately €60 million. In fact, the Supreme Court has indicated that the seller of the energy is the person to whom any claim by end users for a refund should be made, rather than directly to the Italian customs authorities (*Agenzia delle Dogane*). Following an adverse judgement, the seller has, subsequently, 90 days as indicated by Legislative Decree 504/1995 Article 14 to request a refund from the Italian customs authorities of the excise reimbursed to the customer.

To date, CVA Energie has been sued by 19 customers for reimbursement of additional excise duties for a total amount of approximately €9 million. As at 31 December 2020, the amount of provisions set aside in the Issuer's consolidated balance sheet was €10.2 million. Given the difficulty for CVA Energie in recovering from the Customs Agency any excise duty reimbursed to the claimants, the Company may bear not only the legal costs relating to customer complaints but also any legal costs relating to applications to the Customs Agency aimed at obtaining a refund of the reimbursed excise duty.

ARERA sanction proceeding

In 2016, the regulatory authority initiated proceedings against market operators in relation to a potential abuse in the wholesale electricity market pursuant to regulation (EU) 1227/2011 by taking advantage of non-diligent programming of electricity (*sbilanciamento*). As a consequence of its findings, ARERA requested to the Transmission System Operator – Terna to define the amount of non-diligent programming of electricity without the potential abuse perpetrated. In relation to CVA Energie, Terna requested a payment of €11.2 million to CVA Energie. The Administrative Court of Lombardy (*Tribunale Amministrativo Regionale*) confirmed such payment against CVA Energie, which appealed against the decision.

In October 2020, the Administrative Supreme Court *(Consiglio di Stato)* partly allowed CVA Energie's appeal and requested to reassess the value of the unduly charged electricity while still sanctioning CVA

Energie for its behaviour. CVA Energie considered it prudent to make provisions of approximately €2.1 million against potential charges arising from the infringement procedure initiated by estimating the maximum amount of the conceivable penalty.

On 31 May 2021, ARERA notified CVA Energie, together with 33 other operators in the sector, in Resolution 217/2021/EEL, containing "*The start of proceedings for compliance with the judgments of the administrative judge on non-diligent programming of electricity*" in which a preliminary investigation supplement is envisaged aimed at "*verifying the impact on direct costs of possible cost savings deriving from counter-phase imbalances*".

On 5 August 2021, CVA Energie received a Resolution from ARERA, containing "*an administrative sanction for the implementation of non-diligent planning strategies in the context of the electricity dispatching service*", for an amount of €1,404 thousand. CVA Energie has decided to challenge the Authority decision before the Regional Administrative Court.

Excise tax litigation

CVA Group is party to a dispute with the Agenzia *delle Dogane* related to the request for reimbursement of excise duties paid to the tax authorities as a consequence of unfavourable court decisions.

The Italian Supreme Court (*Corte di Cassazione*) ruled in favour of the tax authorities. And despite the negative outcome of the dispute before it, the Company decided to continue to pursue the dispute both at national level and before the European Court of Human Rights ("**ECHR**"), as it believes that the Italian State has violated article 1 of the Additional Protocol of the European Convention on Human Rights, under which "*Every natural or legal person has the right to the peaceful enjoyment of his possessions*". In particular, in this last instance, it intends to object the damage to the property suffered due to the issuance of measures, which later proved to be incorrect.

SUMMARY FINANCIAL INFORMATION OF THE ISSUER

The following tables contain consolidated statement of financial position and income statement information of the Issuer as at and for the years ended 31 December 2020 and 2019, derived from the Issuer's audited consolidated annual financial statements as at and for the years ended 31 December 2020 and 2019. This information should be read in conjunction with, and is qualified in its entirety by, reference to the Issuer's audited consolidated annual financial statements as at and for the years ended 31 December 2020 and 2019, together with the accompanying notes and auditors' reports, all of which are incorporated by reference in this Prospectus. See "*Information Incorporated by Reference*".

This information should be read in conjunction with, and is qualified in its entirety by, reference to the Issuer's audited consolidated annual financial statements as of and for the years ended 31 December 2020 and 2019, in each case together with the accompanying notes and the independent auditors' reports (as appropriate), all of which are incorporated by reference in this Prospectus, as well as the information included in "Presentation of Financial Information". See "Information Incorporated by Reference".

Copies of the above-mentioned annual financial statements of the Issuer are available for inspection by Noteholders, as described in "*Information Incorporated by Reference – Access to documents*".

CVA GROUP
AUDITED CONSOLIDATED ANNUAL STATEMENT OF FINANCIAL POSITION

	As at 31 December	
	2020	**2019**
	(thousands of Euro)	
Non-current assets		
Tangible assets	641,374	672,695
Intangible assets	12,525	13,373
Goodwill	238,026	238,026
Equity investments	2,048	1,968
Deferred tax assets	26,364	25,939
Derivatives	3,227	2,242
Non-current financial assets	134,294	84,578
Trade receivables	1,308	-
Other non-current assets	4,604	5,072
Total non-current assets	**1,063,771**	**1,043,894**
Current assets		
Inventories	3,399	3,028
Trade receivables	67,384	120,056
Receivables for income taxes	7,285	5,13
Other tax receivables	19,904	11,638
Derivatives	2,48	3,536
Other current financial assets	730	22,483
Other current assets	19,581	20,679
Cash and cash equivalents	195,103	214,993
Total current assets	**315,866**	**401,543**
Assets classified as held for sale	-	-
Total assets	**1,379,637**	**1,445,437**

CVA GROUP

AUDITED CONSOLIDATED ANNUAL STATEMENT OF FINANCIAL POSITION (Cont'd)

	As at 31 December	
	2020	**2019**
	(thousands of Euro)	
SHAREHOLDERS' EQUITY		
Share capital	395,000	395,000
Other reserves	309,265	283,887
Accumulated Profits/(Losses)	45,451	41,379
Net result of the year	59,977	75,103
Shareholders' equity attributable to the Group	809,694	795,369
Shareholders' equity - Minority interests	7,65	6,917
Total shareholders' equity	**817,344**	**802,286**
LIABILITIES		
Non-current liabilities		
Employee benefits	5,893	6,083
Provisions for risks and charges	28,849	27,829
Deferred tax liabilities	55,99	48,9
Derivatives	1,464	1,234
Non-current financial liabilities	302,496	337,826
Other non-current liabilities	22,19	20,12
Total non-current liabilities	**416,882**	**441,992**
Current liabilities		
Employee benefits	976	2,095
Provisions for risks and charges	212	215
Trade payables	60,21	109,275
Payables for income taxes	989	1,2
Other tax payables	920	3,358
Derivatives	20,12	18,246
Other current financial liabilities	40,545	40,557
Other current liabilities	21,438	26,21
Total current liabilities	**145,411**	**201,158**
Liabilities related to assets held for sale	-	-
Total shareholders' equity and liabilities	**1,379,637**	**1,445,437**

CVA GROUP
AUDITED CONSOLIDATED ANNUAL INCOME STATEMENTS

	Year ended 31 December	
	2020	**2019**
	(thousands of Euro)	
Revenues from sales and services	480,662	755,438
Other revenues and income	55,52	49,994
Total revenues (A)	**536,182**	**805,433**
Operating costs		
Costs for raw materials and services	319,371	579,925
Personnel costs	38,469	34,839
Other operating costs	43,963	42,414
Capitalised days of work	(4,554)	(4,203)
Total operating costs (B)	**397,249**	**652,975**
EBITDA (A-B)	**138,933**	**152,458**
Amortisation, depreciation, provisions and write-downs		
Amortisation/depreciation	51,059	50,231
Provisions and write-downs	677	(1,871)
Total amortisation, depreciation, provisions and write-downs (C)	**51,735**	**48,361**
EBIT (A-B+/-C)	**87,198**	**104,097**
Financial management		
Financial income	3,115	5,447
Financial expenses	5,824	5,793
Total financial balance (D)	**(2,708)**	**(346)**
Pre-tax result (A-B+/-C+/-D)	**84,489**	**103,752**
Income taxes	23,260	27,981
Net result of continuing operations	61,230	75,771
Net result of discontinued operations	-	-
Period net result	**61,230**	**75,771**
Profit/(loss) attributable to the Group	59,977	75,103
Profit/(loss) attributable to non-controlling interests	1,253	668

USE OF PROCEEDS

The net proceeds of the issue of the Notes, which are estimated to be in the sum of €49,925,000 will be used by the Issuer to finance the Issuer's general corporate purposes, including the financing of CVA Group's 2021-2025 Strategic Plan.

REGULATION

The regulatory framework within which the CVA Group operates is briefly described below, containing the main European and Italian laws and regulations applicable on the basis of the activities carried out. Although this overview provides for the main information the Issuer considers relevant in the context of the issue of the Notes, it does not constitute an exhaustive record of all applicable laws and regulations. Potential investors and/or their advisors should not rely solely on this regulatory summary and should make their own analysis of the laws and regulations applicable to the CVA Group and their potential impact on any investment on the Notes.

Overview

The growing attention to the issues related to climate change and its effects on the population, economy and energy production strategies, has led to the signing of international agreements between States, based on the commitment to achieve objectives for the reduction of climate-altering emissions, such as the Kyoto Protocol, entered into force in February 2005.

The European Union ("**EU**"), among the signatories of the Kyoto Protocol, has developed its own action strategy ("Energy Union Strategy") published in 2015 and subsequently translated into four directives and as many regulations through the "Clean energy for all Europeans package". In particular, the Directive (EU) 2019/944 and Regulation (EU) 2019/943 concerns electricity sector, while for the promotion of the use of energy from renewable sources ("**FER**") Directive (EU) 2018/2001 (the "**RED II Directive**") has been developed.

The medium- and long-term strategy was reformulated in January 2020 on a new basis, reaffirming Europe's commitment to tackle climate and environmental issues in the act known as the *Green deal*, which restates the intention to make the Union's economy sustainable by turning environmental and climate problems into opportunities, with a focus on equity and inclusion. With communication COM (2019) 640 of 11 December 2019, the European *Green deal* was officially unveiled by the European Commission, together with the investment and financing plan needed to meet the 2030 climate targets and to implement the EU's long-term strategy, which aims to achieve carbon neutrality by 2050. As regards the energy sector in particular, given that energy production and use account for more than 75% of the EU's greenhouse gas emissions, the *Green deal* includes a decarbonisation target for the energy system, hinged on three principles: ensuring a secure and affordable supply of energy for the EU; developing a fully integrated, interconnected and digitalised energy market; prioritising energy efficiency; improving the energy performance of buildings; and developing an energy sector based largely on renewable sources.

On the basis of the *Green deal*, in July 2021, the *European Climate Law* came into force: this law sets a binding *interim* target to 2030 to reduce net greenhouse gas emissions by at least 55% compared to 1990 levels and a further target to 2050 for all EU countries to achieve zero climate impact, with zero net greenhouse gas emissions, mainly through emission reductions, investment in green technologies and protection of the natural environment. On 14 July 2021, the European Commission presented a package of proposals called "*Fit for 55*" (The package is comprised of thirteen proposals: eight of them are revisions to existing directives/regulations and five are new proposals) which should enable the EU to achieve the stated reduction targets. The "Fit for 55" legislative proposals cover a wide range of policy areas including climate, energy, transport and taxation, setting out the ways in which the European Commission will reach its updated 2030 target in real terms. The proposals are currently in consultation with the Member States.

In implementation of Regulation (EU) 2018/1999, in order to make known the concrete actions aimed at achieving the EU energy and climate objectives, each EU country has developed an integrated *National Energy and Climate Plan* (NECP) for the period 2021-2030, divided into five sectors: energy efficiency, renewable energies, reduction of greenhouse gas emissions, interconnections, research and innovation.

On 21 January 2020, the Italian Ministry of Economic Development published the text of the Integrated National Energy and Climate Plan (NECP), which defines goals for 2030 in terms of renewable energy production, energy efficiency and emission reduction, and sent it to the European Commission for assessment. On 14 October 2020, the European Commission adopted the document "Assessment of the final national energy and climate plan of Italy", which provides guidelines for the implementation of Italian NECP and the elaboration of the National Recovery and Resilience Plan. In particular, the National Recovery and Resilience Plan should set out a coherent package of reforms and public investment projects in the context of the EU Recovery and Resilience Facility (which entered into force on 19 February 2021 with the aim to mitigate the economic and social impact of the coronavirus pandemic and make European economies and societies more sustainable, resilient and better prepared for the challenges and opportunities of the green and digital transitions).

In addition to all the above, on 3 July 2021 the European Council adopted the *Piano Nazionale di Ripresa e Resilienza*, which was filed by Italy on 30 April 2021 (the "**PNRR**") and sets different "missions" for the purposes of re-launch the economy following the Covid-19 pandemic and allow the green and digital development of Italy.

In particular, the PNRR provides, *inter alia*, the "*Missione 2 – Rivoluzione Verde e Transizione Ecologica*" aimed at promoting the ecological transition by the implementation and enhancement of energy fueled by renewable plants, as well as the promotion of the energy efficiency.

Italian regulatory framework for electricity sector

Legislative Decree no. 79 of 16 March 1999 ("**Bersani Decree**") implemented Directive 96/92/EC on common rules for the internal electricity market and deeply changed the rules for the electricity sector in its various areas of activity, by providing for gradual liberalisation of the electricity market. In particular, the Bersani Decree provided for (i) the liberalisation of the production, import, export, purchase and sale of electricity, as from 1 April 1999; (ii) the exclusive reservation of transmission and dispatching activities to the State and their assignment under concession to a joint-stock company (*società per azioni*): the Manager of the National Transmission Grid (*Gestore della Rete di Trasmissione Nazionale*) ("**Grid Manager**"); (iii) the performance of electricity distribution activities under a concession granted by the Ministry of Productive Activities (*Ministero delle Attività Produttive*), providing also that the concessions already in place will be valid until 31 December 2030.

Production of energy from FER – General framework

In this context of launch of the electricity market liberalisation, the Bersani Decree also redesigned the regime of reference applicable to the hydroelectric sector and introduced innovative measures to encourage renewable energy sources (hydroelectric, wind, solar, geothermal, biomass, landfill gas and residual gas from purification processes and biogas).

A further boost to the development of these energy sources was provided by Legislative Decree no. 387 of 29 December 2003 ("**Legislative Decree 387/2003**"), enacted in implementation of Directive 2001/77/EC on the "*promotion of electricity produced from renewable energy sources in the internal electricity market*", which, *inter alia*, unified the authorizations required for the construction and operation of plants producing energy from renewable sources.

It is also necessary to consider, *inter alia*: (i) Law no. 239 of 23 August 2004 ("**Marzano Law**") aimed at reforming and comprehensively reorganising the energy sector and defining the division of competences and responsibilities between State and Region and the powers of the Electricity and Gas Authority (*Autorità per l'Energia Elettrica e il Gas*); (ii) Law no. 244 of 24 December 2007 and the Interministerial Decree of 18 December 2008 (Ministry for Economic Development in agreement with the Ministry for the Environment and Protection of Land and Sea) containing provisions concerning incentives for the production of electricity from RES.

More recently, Italy has implemented Directive 2009/28/EC by enacting Legislative Decree no. 28 of 3 March 2011 (as subsequently modified and integrated lastly by Law Decree No. 76/2020 and Law Decree No. 77/2021), which amended and supplemented Legislative Decree no. 387/2003, with the aim of reorganizing the renewable energy sector by simplifying authorisation procedures and providing for a more efficient incentive mechanism.

Energy production from FER – Incentive mechanisms

The Italian legal system of incentives for the production of electricity from renewable sources focuses on various mechanisms that apply differently depending on (i) the date on which the plant starts operations, (ii) the type of renewable source used and (iii) the power of the plant.

The main mechanisms of support to the development of renewable sources of interest for the Issuer's activity are:

1. Energy Account, introduced by the Ministerial Decree of 28 July 2005 ("**First Energy Account**"), which was first replaced by the Ministerial Decree of 19 February 2007 ("**Second Energy Account**"), and subsequently by the Ministerial Decree of 6 August 2010 ("**Third Energy Account**"), by the Ministerial Decree of 5 May 2011 ("**Fourth Energy Account**"), and finally by the Ministerial Decree of 5 July 2012 ("**Fifth Energy Account**"). The Energy Account consists in the payment of an incentive tariff in proportion to the electricity produced by photovoltaic plants connected to the electricity grid. The incentive tariff, differentiated on the basis of the power and type of plant, is recognised pursuant to the Energy Account in force on the date of entry into operation of the plant.

   The First Energy Account, become effective with the entry into force of the Interministerial Decrees of 28 July 2005 and 6 February 2006, introduced a financing system on account of electricity production, replacing the previous non-repayable government grants for plant commissioning.

   By means of the Second Energy Account the Ministry of Economic Development established new criteria for providing incentives for the production of electricity from photovoltaic systems that had come into operation up to 31 December 2010. Among the main innovations introduced: the application of revenues based on actual energy production, parameterised to the kW/h, and not to the installed kW, the streamlining of bureaucratic procedures for obtaining incentive tariffs and the differentiation of tariffs on the basis of the type of architectural integration (integrated, partially integrated, non-integrated plant), as well as the size of the plant (nominal power between 1 and 3 kW; between 3 and 20 kW; over 20 kW).

   Originally, the incentive tariffs under the Second Energy Account were reserved for plants which entered into operation in the period between the date of issuance of the measure implementing the decree (*i.e.* ARERA Resolution 90/2007 published on 13 April 2007) and 31 December 2010. Subsequently, however, an exception to this principle was introduced by article 2-*sexies* of Law no. 41 of 22 March 2010, converting Law Decree no. 3 of 25 January 2010 (the so-called "**Salva-Alcoa Decree**") as amended and supplemented by Law no. 129 of 13 August 2010, converting Law Decree no. 105/2010, which provided that the incentive tariffs provided under the Second Energy Account continue to apply to photovoltaic plants which commenced operations also after 31 December 2010, provided that (i) by 31 December 2010, the installation of the photovoltaic plant is completed and the completion of the works is communicated to the competent authorities (including the declaration of asseveration, drafted by a qualified technician, that the works have been effectively completed and executed in accordance with the relevant regulations) and (ii) the same plants commence operations by 30 June 2011.

   The Third Energy Account applies to the photovoltaic plants entered into operation after 31

December 2010 (with the exception of the plants falling within the Salva-Alcoa Decree), initially intended to regulate the incentive tariffs for 2011, 2012 and 2013, but then limited to plants entering into operation by 31 May 2011, as a result of the provisions of Legislative Decree no. 28/2011 and the Fourth Energy Account.

The Fourth Energy Account replaced the previous ones with regard to plants which entered into operation after 31 May 2011 (except for that category of plants which entered into operation by 30 June 2011, proving beneficiaries of the provisions of the Salva-Alcoa Decree). The Fourth Energy Account defines the criteria for providing incentives for the production of electricity from photovoltaic solar plants, applying to all plants with a capacity of not less than 1 kW which come into operation between 1 June 2011 and 31 December 2016, following new construction, total renovation or upgrading interventions. By abandoning the tripartition of the Second Energy Account, it defines a simplified classification of photovoltaic systems, providing for a tariff distinction between two types of intervention: photovoltaic plants installed on buildings; other photovoltaic plants, *i.e.* all plants not falling within the previous category, including ground-mounted plants.

For the purposes of the procedures for admission to the incentive tariffs, the Fourth Energy Account also provides for the distinction between: (I) “Large Plants”, including plants with capacity exceeding 1 MW on buildings, plants with capacity exceeding 200 kW not on buildings and plants, not on buildings, with a capacity of less than 200 kW, which do not operate in on-site exchange; (II) “Small Plants”, including plants installed on buildings with a capacity not exceeding 1 MW, other plants with a power not exceeding 200 kW and operating under the on-site exchange regime and any type of photovoltaic plant of any power installed on buildings and areas of the Public Administrations referred to in article 1, paragraph 2, of Legislative Decree no. 165 of 2001. Such a classification together with the date of entry into operation implies a different procedure of access to incentives: Large Plants entered into operation from 1 June 2011 (date of start of the Fourth Energy Account) until 31 August 2011 have direct access to the incentive tariffs without having to be entered in the register, while Large Plants entered into operation after 31 August 2011 and until the end of 2012, in order to have access to the incentive tariffs, must be registered in the specific electronic register, managed by the GSE, in a position such as to fall within the cost limits defined for each period.

The Fifth Energy Account introduced a cap to the overall expense for the incentive mechanisms, such Energy Account has therefore applied since 27 August 2012 and until the 30th day after the date of realisation of an indicative cumulative cost of the incentives equal to 6.7 billion/year, which was reached on 6 June 2013. From this date, accordingly, the Fifth Energy Account and the provisions of the previous Energy Accounts for the encouragement of photovoltaic sources ceased to apply.

2. Incentivisation system pursuant to the Decree of the Ministry of the Economic Development (*Ministro dello Sviluppo Economico*) ("**Ministerial Decree of 6 July 2012**"), implementing the provisions of Legislative Decree 28/2011 and establishing the incentivisation procedures for the production of electricity from plants powered by renewable sources, other than photovoltaic solar energy. In particular, the mentioned decree established the incentivization procedures for new plants and plants which have been completely rebuilt, reactivated, subject to upgrading or refurbishment interventions, with a capacity of not less than 1 kW, and entered into operation from 1 January 2013, by providing a system with diversified tariffs on the basis of the source, the type, the power and the entry into operation of the plant. Depending on the energy source and the power of the plant, access to the incentives may take place through (i) direct access; (ii) registration in special registers; or (iii) participation in competitive downwards bidding procedures.

3. Incentivising tariff (so-called "**GRIN Tariff**") pursuant to the Ministerial Decree of 6 July 2012, which supplemented and completed the rules for the transition from the Green Certificates mechanism – introduced in 1999 and entitling to an incentivisation on the production for 15 years – to the new support schemes. In particular, article 19 of the Ministerial Decree of 6 July 2012 maintained that all plants on renewable sources other than photovoltaic, and entered into operation after 31 December 2007, which have accrued the right to benefit from Green Certificates, shall be granted, for the residual period of entitlement after 2015, a tariff incentive on net production, which is added to the value of the produced electricity (sale or self-consumption), calculated as follows: I = k x (180 - Re) x 0.78. The incentive is therefore commensurate with the product of a coefficient k (which differs depending on the launch of the plant operation and the type of renewable source used) and the difference between the reference value of a Green Certificate (180 euros per MWh) and the energy transfer price (Re); all this is multiplied by 0.78.

4. All-inclusive tariff alternative to Green Certificates, which provides for the payment of an incentive to the wind plants with an average annual nominal capacity not exceeding 0.2 MW, or not exceeding 1 MW to the other FER plants (excluding solar-powered plants). The tariff, the amount of which varies according to the source, is called all-inclusive as it includes both the value of the incentive and the revenue from the sale of the electricity produced. Furthermore, only the portion of net electricity from renewable sources produced by the plant and injected into the grid, as defined in Annex A of the Ministerial Decree of 18 December 2008, is eligible for the all-inclusive tariff. The all-inclusive tariff is paid to the producer for a period of 15 years, starting from the date of commercial operation of the plant.

5. Incentivisation system pursuant to the Decree of the Ministry of Economic Development of 23 June 2016 ("**Ministerial Decree of 23 June 2016**"), updating the rules and tariffs provided by the Ministerial Decree of 6 July 2012, maintaining in continuity with the previous decree both the general setting of the incentivising mechanism and the procedures for access to the incentives. The Decree introduced however a specific regulation for the case of forced splitting of the power of plants producing energy from renewable sources, including photovoltaic plants, providing the GSE to consider the plants attributable to a single business initiative as a single plant with a cumulative power equal to the sum of the individual plants and, after verifying compliance with the rules for access to incentives, redetermines the tariff due. In the event that the forced splitting has also led to the violation of the rules for access to incentives, the GSE provides for the forfeiture of incentives with the full recovery of sums already paid.

   In accordance with Article 30 of the Ministerial Decree of 23 June 2016 regarding the maintenance and/or modernization interventions carried out on renewable plants benefitting from the GSE incentives, the GSE adopted two Operational Rules (*Manuali Operativi*) respectively on (i) February 2017, for photovoltaics plants and (ii) December 2017, for plants fueled by other renewables sources.

6. Incentivisation system pursuant to the Decree of the Ministry of Economic Development of 4 July 2019 ("**Ministerial Decree FER 1**"), which, in line with the Ministerial Decree of 6 July 2012 and Ministerial Decree of 23 June 2016, from which it inherits the majority of its structure, envisages an economic support for the production of electricity from renewable sources, including photovoltaic. Depending on the energy source and the power of the plant, access to the incentives may take place through (i) direct access; (ii) registration in special registers; or (iii) participation in competitive downwards bidding procedures. It provided a specific allotment dedicated to newly constructed photovoltaic plants, whole modules are installed in replacement of roofs and rural buildings on which the complete removal of asbestos or Eternit has been carried out.

Ministerial Decree FER 1 is expected to be implemented by the legislative decree which shall transpose the RED II Directive. Indeed, during the Council of Ministers held on 5 August 2021 it has been adopted the first draft decree for the transposition of the RED II Directive, (the "**FER II Draft Decree**").

The provisions under the FER II Draft Decree, in light of the European targets, are mainly aimed at accelerating the transition from traditional fuels to renewable sources and, inter alia, at supporting the production of electricity produced by plants powered by renewable sources. In this respect, Article 9, paragraph 4 of the FER II Draft Decree provides for the interim period regime applicable for the granting of the GSE incentive tariff. In particular, it is provided that, in order to ensure more efficiency in the context of the auction and registry mechanisms as provided under the Ministerial Decree FER 1, the GSE shall launch further procedures by making available the remaining unallocated power capacity, until it is exhausted, pursuant to Article 20 of the Ministerial Decree FER 1 (which provides for the power capacity reallocation mechanisms).

Significant are also the measures so-called "*spread-incentives*" ("*spalma-incentivi*"), introduced with the intention to contain the annual burden of the FER incentivisation reflected on consumers' electricity bills. First of all, Law Decree no. 145/2013 (article 1, paragraphs 3-6) envisaged the so-called "*voluntary incentive spreader*", by which producers of electricity from renewable sources, owners of plants benefiting from Green Certificates, all-inclusive tariffs and premium tariffs, were offered an alternative between continuing to enjoy the incentive regime due for the residual period of entitlement or opting for the use of a reduced incentive against an extension of the incentive period.

Subsequently, article 26 of Law Decree 91/2014 introduced the so-called "*compulsory incentive spread*" ("*spalma-incentivi obbligatorio*"), which provided for new methods of disbursement of the incentives already recognised for the energy produced by large photovoltaic plants (with an incentivised power exceeding 200 kW), leaving producers with a choice of three options: i) the extension from 20 to 24 years of the incentive period, against a remodulation of the single value of the incentive of an amount depending on the duration of the remaining incentive period (between 17% and 25%); ii) the maintenance of the twenty-year payment period, against a reduction of the incentive for a first period according to percentages defined by the Ministry of Economic Development (between 10% and 26%), and a corresponding increase for a second period; iii) the maintenance of the twenty-year payment period, against a percentage reduction set by the decree (between 6% and 8%), increasing depending on the size of the plants.

Production of energy from FER – Rules on construction and operation of plants

The authorisation process for the construction and operation of plants powered by renewable sources is governed at a general level by Legislative Decree 387/2003, which, above certain power thresholds, provides for the construction and operation of electricity production plants powered by renewable sources (as well as the interventions of modification, upgrading, total or partial renovation and reactivation, related works and infrastructures necessary for the construction and operation of such plants) to be subject to a single authorisation ("**Single Authorisation**"), issued by the Region or the delegated Provinces, in compliance with the regulations in force on environmental protection, landscape protection and historical-artistic heritage.

In particular, the Single Authorisation is issued following a procedure all the administrations concerned join and it includes all the permits, authorisations and clearances which, according to the previous regulatory regime, had to be obtained through autonomous and distinct administrative procedures (e.g. building permit, authorisation to build in areas subject to constraints, etc.), with the exception of the environmental impact assessment ("**EIA**") procedure.

On 10 September 2010, the Ministry for the Economic Development adopted the decree which outlines

the national guidelines for the authorization of FER power plants ("**National Guidelines**") aimed at providing the detailed standard discipline of the Single Authorisation procedure at a national level. Moreover, the National Guidelines also empower the Regions to identify the areas where the installation of power projects is banned, based on certain landscape and zoning general criteria.

With specific regard to EIA procedure whereby the Region is the entity in charge of the adoption of the relevant deed, Article 27-*bis* of the Legislative Decree 152/2006 (the "**Environmental Code**"), as introduced by Article 16, para. 1 of the Legislative Decree 104/2017, provides the sole regional authorization (*provvedimento autorizzatorio unico regionale*) (the "**PAUR**") which encompasses the EIA, the Single Authorisation and any other permits, authorization, concession, opinion, *nihil-obstat*, whatever named necessary for the construction and operation of the relevant plant, as listed by the same applicant. The entity in charge of the PAUR corresponds to the entity in charge of the EIA.

A further simplified authorisation regime, generally of municipal jurisdiction (Simplified Authorisation Procedure – "**PAS**" - or simple communication), is provided for plants powered by renewable energy sources having a generating capacity below certain thresholds and meeting technical features and/or located on certain areas identified by law.

Further, for the construction of power lines necessary to connect renewable energy production plants of any type to the electricity grid, it may be necessary to obtain a permit for the construction and operation of power lines in accordance with Royal Decree no. 1775 of 11 December 1933 ("*Testo Unico Acque ed Impianti Elettrici*" or "**Consolidated Law on Water and Electric Installations**") or an equivalent permit in accordance with the requirements of individual regional legislation, where such permit is not already included in the Single Authorisation or the PAS.

Finally, in relation to the characteristics of the sites and the plants on which the plants for the production of energy from renewable sources and the power lines for their connection to the electricity grid are built, it may be necessary to verify their environmental compliance through the EIA procedure and/or the procedure of verification of subjection to EIA.

It should be noted that certain regional legislations, by virtue of the shared legislative powers attributed to the Regions in matters of energy, have significantly affected the authorisation profiles connected with the construction and operation of plants for production of energy from FER and, in order for the regulatory framework to be exhaustive, it is appropriate make reference also to the regional regulation.

Law Decree no. 76/2020, converted into Law no. 120/2020, and Law Decree no. 77/2020 converted into Law no. 108/2021, introduced simplifications in the authorisation procedures for plants producing electricity from FER, with the intention to favour and boost the development of plants and achieve the decarbonisation targets fixed for 2030.

From the perspective of the plants management, the wind power production is subject to the unpredictable provisions on dispatching of electricity produced by FER, pursuant to ARERA Resolutions n. 111/06 and ARG/elt 5/10 (as subsequently modified and integrated). In order to ensure the electric system safety, indeed, wind plants may be the addressees of orders by Terna for the containment of production. In such cases, the producer is entitled to be awarded a remuneration for the missed wind production (computed by the GSE as estimated value on the basis of the actual data of wind, measured on site, in the hours in which the containment of production is requested), subject to a prior application of a specific request for the activation of the service managed by the GSE.

Production of energy from FER – Derivation concessions (*concessioni derivative delle acque*)

The development of hydroelectric plants requires, in addition to the Single Authorisation, the issuance of a water diversion concession ("**Derivation Concession**"). Under article 17 of the Consolidated Law on Water and Electric Installations, it is generally forbidden to use or derive public water without a measure for the authorisation or concession by the competent Authority. The regulation within the

Consolidated Law on Water and Electric Installations, which is still today the main regulatory reference in the matter of public water for hydroelectric uses, applies also to the sub-concessions issued by the Autonomous Region of Valle d'Aosta where the Issuer's hydroelectric plants are located.

Uses of public water for motive power are subject to the payment of a number of fees, calculated on the basis of the power of the concession, to be paid to the local authorities concerned by the derivation (the State concession fee pursuant to article 35 of Royal Decree no. 1775/1933, the additional fees due to the coastal authorities pursuant to article 53 of Royal Decree no. 1775/1933 and to the Mountainous Catchment Areas (*Bacini Imbriferi Montani*) pursuant to Law no. 959 of 27 December 1953).

The Consolidated Law on Water and Electric Installations distinguishes between concessions for large derivations (average annual nominal power of the motive force exceeding 3,000 kW) and concessions for small derivations (annual nominal power of the motive force of less than 3,000 kW). Such a distinction is relevant for the purposes of the plants at the expiry of the concession and the procedure for obtaining the concession: concessions for large-scale hydroelectric derivation are awarded after a public bidding process (*procedura ad evidenza pubblica*) (article 12 of the Bersani Decree), while concessions for small-scale hydroelectric derivation are awarded on the basis of the criteria set forth in the Consolidated Law on Water and Electric Facilities and in accordance with a procedure requiring the concession application to be published, in order to allow the submission of written comments and objections to the requested derivation and the submission of competing applications for the same water resource (articles 7 and following of the Consolidated Law on Water and Electric Facilities and applicable regional regulations).

As regards the maximum duration of Derivation Concessions, the Consolidated Law on Water and Electric Installations provides all derivation concessions to be temporary and that their duration cannot exceed thirty years.

The Bersani Decree, which introduced new rules governing the award, upon expiration, of concessions for large-scale derivation, also reshaped the duration of existing concessions, setting forth specific provisions with regard to concessions held by ENEL. Specifically, it was established that: (i) concessions awarded to ENEL will expire at the end of the thirtieth year following the effective date of the abovementioned decree (*i.e.*, in 2029); (ii) concessions that have expired or are due to expire by 31 December 2010 are extended until 31 December 2010 (subject to compliance with certain formalities). With reference to concessions expiring after 31 December 2010, for which no modification of the natural expiry date has been introduced by the Bersani Decree, the provisions set out in the concession deeds continue to apply.

In case of small-scale concessions for water derivation owned by ENEL, the extension of the duration was instead governed by article 23, paragraph 8 of Legislative Decree no. 152 of 11 May 1999 (later repealed by article 175 of the Environmental Code), which provided that, where the thirty-year term had expired, such concessions were to be considered extended for further thirty years from the date of the entry into force of the Bersani Decree, subject to prior submission of a specific application by ENEL by 31 December 2000.

Article 12 of the Bersani Decree, containing the fundamental aspects concerning the regulation of concessions for large-scale derivation, has been the addressee of several amendments as a result of a set of infringement proceedings carried out by the European Commission against Italy (No. 2011/2026), with reference to provisions set under Article 12. Indeed, the Commission claimed that, in so far as Article 12 (in the previous version) required any new concessionaire to step in into the totality of the legal and commercial relationships relating to the specific plant to which the previous concessionaire was party to, and to compensate the previous concessionaire for the loss thereof, this would create an unfair advantage for the existing concessionaire and would act as a deterrent to competition and to the entry of new operators, in violation of the principles of Article 49 of the Treaty on the Functioning of the European Union, and Directive 2006/123 EC. It is to be reported that such infringement procedure was

dismissed by means of a decision of the European Commission of 23 September 2021.

The current version of Article 12, as last amended by Article 11-*quater* Law Decree No. 135 of 14 December 2018, converted with Law No. 12 of 11 February 2019, envisages that:

(a) at the expiry of the large hydroelectric derivations and in cases of forfeiture or waiver, Regions become the owners of the so-called "wet works" (collection, regulation and penstock works and the drainage channels) against no consideration. Current concession holders shall be granted with a termination value by the incoming concessionaire for any unamortized (*non ammortizzato*) investments it made during the period of validity of the concession at the latter's own expense (meaning without public financing), on condition that the investments were made in accordance with the concession or authorised by the grantor. For all the other assets (so called "dry works"), the payment of a price to be quantified net of the amortised assets in compliance with the rules set forth by Article 25, paragraph 2, of the Consolidated Law on Water and Electric Facilities applies. In addition, outgoing concessionaires shall be granted with a compensation in any case the latter carry out extraordinary maintenance works necessary for the efficiency and the development of the plants, provided that they were required by public authorities and carried out during the last five years of the concession, in accordance with Article 26 of the Royal Decree no. 1775/1933;

(b) Regions may award large derivation concessions: (a) economic operators identified by the completion of public tenders procedures (*procedure ad evidenza pubblica*); (b) companies with mixed public corporate capital, in which the private shareholder is elected through completion of public tenders procedures; (c) by forms of public partnerships pursuant to Article 179 et seq. of the Legislative Decree no. 50/2016. In any case, the award in favour of publicly held companies is subject to the compliance with the provisions of the Consolidated Act represented by the Legislative Decree no. 175 of 19 August 2016;

(c) the terms and conditions of the tender procedures to re-award the concessions are to be set by the single Regions, which shall implement the principles under Article 12 by approving specific Regional laws within the deadline provided under the same Article 12 (as extended by Article 125-bis of Law Decree no. 18/2020). The procedures for the assignment of large derivation concessions are started within two years from the date of entry into force of the regional law. Substitute powers of the Government are foreseen in the event that the Region fails to meet the deadline for initiating procedures;

(d) in the case of large derivation concessions for hydroelectric purpose, Regions may dispose by law the obligation for concessionaire to annually provide for free in favour of the Regions themselves with 220kWh for each kW of average nominal power of concession, at least the 50% of which to be destined to public services and categories of users of the provincial territories concerned by derivations;

(e) tender procedures are to be launched to award also new concessions for large-scale derivation of water for hydroelectric use; and

(f) concessionaires are required to pay Regions a concession fee on a six-month basis, which is divided into: (a) a fixed component, the amount of which depends on the plant's average power capacity; and (b) a variable component, which is calculated as a percentage of the normalised revenues (*ricavi normalizzati*), based on the ratio (*rapporto*) between the production of the plant – net of the energy supplied free of charge to the relevant region – and the price of the energy per zone (*prezzo zonale*).

Article 12 set forth the following transitional regime:

(a) large-scale concessions that expired or expiring before 31 July 2024 must be managed by the

existing concessionaires, which must pay an additional concession fee as consideration for the use of the hydroelectric plant, until adoption by regions of the relevant implementing regional law and the procedures to re-award concessions. In any case, the transitional period cannot extend beyond 31 July 2024; and

(b) large-scale concessions expiring after 31 July 2024 shall be awarded promptly by regions which must start the re-awarding procedures as soon as possible (and, in any case, within the terms provided under the relevant implementing regional law).

In relation to this extension until 31 July 2024, the European Commission has expressed concerns from the perspective of the Service Directive and TFEU. However, the expectation is that no amendments will be required by Italian authorities considering that this extension is of a technical and temporary nature, i.e., until the entry into force of the new system based on tenders for the re-awarding of Large-scale Concessions.

In particular, based on the PNNR, the draft of the Annual Market and Competition Law was filed on 4 November 2021 with the Council of Ministers for the purposes of subsequent approval by the Parliament.

Under Article 5 of the above draft, Article 12 of the Bersani Decree is amended as follows:

(i) It is provided that the procedures to award large-scale hydroelectric concessions shall be carried out in compliance with the principles of fair competition and transparency (new para. 1-*ter*.1 of the relevant article). Such principles shall also apply to procedures for awarding large-scale hydroelectric concessions which will be launched by those regions which have already adopted the relevant implementing regional law.

(ii) Any procedures for awarding large-scale hydroelectric concessions shall start by no later than 31 December 2022 (para. 1-*quarter*).

(iii) It is envisaged that regions shall renegotiate with the existing concessionaires an extension of any large-scale hydroelectric concessions expired or due to expire before 31 December 2023, in light of the competitive advantage deriving from the extension of the concession beyond the relevant expiry date. Such renegotiations shall be carried out no later than two years from the entry into force of the Annual Market and Competition Law (para. 1-*sexies* of the relevant article).

As per small-scale concessions, Article 30 of the Royal Decree no 1775/1933 stipulates that small-scale concessions can be granted with an extension/renewal without any tender procedure provided that (a) the public interests pursued by the concession remain valid; and (b) no overriding public interests have arisen. Nonetheless, the process remains subject to supervision by the Valle d'Aosta region, to whom a formal application for renewal must be made.

The National Antitrust Authority (the "**AGCM**"), in Opinion AS1722 of 3 March 2021: (a) highlights that provinces, as granting authorities of small-scale concessions, in the past largely granted concessionaires extensions/renewals; and (b) holds that this practice is in contrast with EU internal market rules (based on Article 30 of Royal Decree no. 1775/1933). The AGCM thus encouraged that the framework be amended to bring it into compliance with EU law. In fact, notwithstanding the absence of EU caselaw on the matter, it is generally understood that EU law applies to large- and small-scale concessions, requiring the introduction of impartial, transparent selection procedures, that prohibits automatic renewals.

The same position is shared by the Italian administrative court specialised in matters relating to the use of public waters (*Tribunale Superiore delle Acque*).

Amendments to the regulatory framework applicable to small-scale concessions might be expectable in

the future at both national and regional level, with the addition of provisions on tenders for the re-awarding of concessions and precise rules on the terminal value.

For sake of completeness, it shall be highlighted that based on the PNRR, a draft of the Annual Market and Competition Law shall be filed to the Parliament for the relevant approval by the end of 2021.

Production of energy from FER – Dams

The construction and operation of dams are governed not only by the Consolidated Law on Water and Electric Installations, given that they are necessary for the use and withdrawal of water and are therefore included in concessions for the derivation of water for hydroelectric purposes, but also by industry regulations concerning testing, supervision and safety controls.

Law no. 584 of 21 October 1994 provides the State (and therefore the National Dams Service (*Servizio Nazionale Dighe*), now the Dams Directorate of the Ministry of Infrastructure and Transport (*Direzione Dighe del Ministero delle Infrastrutture e dei Traporti*)) to be responsible for "*dams, retention dams or crossbars that are more than 15 meters high or that create a reservoir volume of more than 1˙000˙000 cubic meters*" (so-called "**large dams**"); on the other hand, "*dams not exceeding 15 meters in height and whose volume does not exceed 1,000,000 cubic meters*" (so-called "**small dams**") fall within the jurisdiction of Regions and Autonomous Provinces of Trento and Bolzano.

In order to protect public safety, the General Directorate for Dams and Water and Electricity Infrastructures (*Direzione Generale per le Dighe e le Infrastrutture Idriche*) provides for the technical approval of large dam projects, also by taking into account the environmental and hydraulic safety aspects deriving from the management of the system made up of the reservoir, the dam and all the complementary and ancillary works; it also supervises the construction of the dams it is responsible for and the control and management operations of the concessionaires.

With regard to "small dams", the Region Valle d'Aosta regulated the matter of dams and their reservoirs by means of Regional Law no. 13 of 29 March 2010.

Production of energy from FER – Ecological Runoff ("DMV")

The demand of balancing the needs of hydroelectric power generation and protection of the environmental quality of watercourses is today expressly provided, in relation to water derivation concessions, by both article 12 *bis* of the Consolidated Law on Water and Electric Installations (as amended by Legislative Decree no. 152/1999) and by article 12, paragraph 9, of the Bersani Decree.

Articles 95 and 121 of Legislative Decree no. 152/2006, in implementation of Directive 2000/60/EC ("**Framework Directive on Water**"), provided the specific measures necessary for the protection of water resources, including mainly those implementing the release of the minimal vital runoff ("**DMV**"), to be regulated in the Water Protection Plan (*Piano di Tutela delle Acque - PTA*), whose approval falls within the competence of the Regions, and must act in accordance with the objectives defined by the basin Authorities on the scale of the hydrographic district as well as the guidelines and criteria established at national level. In this regard, on 13 February 2017, the new guidelines for the update of the methods for determining the DMV in order to ensure the achievement of the water quality objectives established by the Framework Directive on Water were approved by Directorial Decree no. 30 of the Ministry of the Environment and Protection of Land and Sea (*Ministero dell'Ambiente e della Tutela del Territorio e del Mare*). In particular, these guidelines affirm the need to quantify the DMV consistently with the need to consider the effects of runoffs on the environmental compartments of watercourses, with particular reference to biological quality elements, so as to bring the DMV into line with the broader concept of ecological runoff (*deflusso ecologico*).

In the Valle d'Aosta Region, where the CVA Group's hydroelectric plants are located, the process of reviewing and updating the PTA is currently underway, in compliance with the provisions of the

Framework Directive on Water and the new ministerial guidelines. The new PTA, will contain, *inter alia*, new methods to define the ecological runoff, taking into account biological, hydro-morphological and chemical-physical parameters, in line with EU and national objectives.

Production of energy from FER – Power lines

Where not already covered by the Single Authorisation or the PAS (*Procedura Abilitativa Semplificata*), the construction and operation of electricity lines and plants is governed by the Consolidated Law on Water and Electric Installations, which provides for the issue of a specific authorisation by the Ministry of Public Works in the case of electricity transmission lines with a voltage of not less than 5,000 volts. It is also to be considered, if necessary, the authorisation issued pursuant to Legislative Decree no. 259/2003 (so-called Communications Code) by the Ministry of Economic Development – Communications Department.

Production of energy from FER – Dispatching priority

Article 11, paragraph 4, of the Bersani Decree introduced the obligation for the Grid Manager to ensure priority in dispatching electricity produced by plants using renewable sources, based on specific criteria defined by the Authority for Regulation of Energy, Net and Environment (*Autorità di Regolazione per Energia, Reti e Ambiente*, "**ARERA**"). Furthermore, article 3, paragraph 3, of the same decree requires the Authority to provide for the priority use of electricity produced by means of renewable energy sources. In this sense, the priority of dispatching in favour of energy produced by renewable plants in the electricity markets allows the formulation of offers to sell energy for which acceptance can be expected in the energy markets.

Without prejudice to the plants entered into operation already benefiting from priority dispatch, pursuant to Article 12 of the EU Regulation 2019/943, Member States shall ensure that, when dispatching electricity generating installations, system operators shall give priority to generating installations using renewable energy sources only where such power-generating facilities are either: (a) power-generating facilities that use renewable energy sources and have an installed electricity capacity of less than 400 kW; or (b) demonstration projects for innovative technologies, subject to approval by the regulatory authority, provided that such priority is limited to the time and extent necessary for achieving the demonstration purposes.

Energy distribution

The Bersani Decree maintains that distribution activities must be carried out on the basis of concessions granted by the Ministry of Economic Development. The holders of these concessions have *de facto* the authority to manage the electricity distribution service on a monopolistic basis in their area of competence. Pursuant to article 9 of the Bersani Decree, distribution companies operating under concessions granted by 31 March 2001 will continue to provide the service until 31 December 2030. New concessions to be issued on the expiry of this date, on the other hand, will be awarded through public tenders, after defining the territorial area of competence, which must not be less than the municipal territory and not more than a quarter of all end customers.

Distribution companies are obliged to connect to their grids all those who request it, without compromising service continuity and in compliance with the applicable technical standards and the regulatory framework in force. In this regard, ARERA approved, by means of Resolution no. 268/2015/R/eel, the "Standard Grid Code for the electricity transmission service" (the "**Standard Grid Code**"), which defines detailed regulations for the transmission and distribution service.

Tariffs of the distribution service are set by ARERA, which provided a mechanism of costs recognition borne by the distributor for the investments performed on the grids (in particular, by way of Resolution no. 568/2019/R/eel of 27 December 2019, ARERA adopted the tariff regulation for electricity transmission, distribution and metering services for the 2020-2023 regulatory period).

Energy sale – Regulation of the wholesale market

By implementation of the Directive of the European Union no. 96/1992, the Bersani Decree as from 1 April 1999 liberalised the activities of purchase and sale of electricity, together with import and export. In order to increase competition in the electricity market, as of 1 January 2003, no company may produce or import, directly or indirectly, more than 50 % of the total electricity produced and imported into Italy.

Pursuant to Article 1, paragraph 2 of the Law no. 239 of 23 August 2004 (the "**Marzano Law**"), no governmental licence, consent or permit is required to carry out electricity sale and purchase activities. The sale activity can be split into wholesale and retail.

The liberalisation entailed the creation of the "Electricity Market", a virtual wholesale platform to purchase and sell electricity at a price determined through a competitive bidding process. Wholesale transactions can take place through the so-called "power exchange" (also known as the *Italian Power Exchange*, or "**IPEX**"), or through special platforms for *over-the-counter* transactions.

The electricity market consists of the Spot Electricity Market ("*Mercato elettrico a pronti*" or "**MPE**"), the platform for physical delivery of financial contracts concluded on IDEX - CDE and the Forward Electricity Market ("*Mercato elettrico a termine*" or "**MTE**"). The MPE is structured into the following markets organised and managed by the Manager of Electricity Markets ("*Gestore dei Mercati Energetici*" or "**GME**"): (i) a market for the trading of daily products ("*mercato dei prodotti giornalieri*" or "**MPG**"), with continuous trading mode, within which daily contracts with obligation to deliver energy are traded, currently only those with "unit price differential", with *Baseload* delivery profiles (listed for all calendar days, the underlying of which is electricity to be delivered in all relevant periods belonging to the day being traded) and *Peak Load* (listed for the days from Monday to Friday, the underlying of which is electricity to be delivered in the ninth to twentieth relevant periods belonging to the day being traded); (ii) a day-ahead market ("*mercato del giorno prima* " or "**PGM**"), where most electricity trading transactions take place; in this market, generators and buyers sell and purchase wholesale electricity through hourly trading on an auction basis, where bids are accepted after the close of the market business, based on economic merit and subject to transit limits between zones, as the PGM is not a continuously traded market; and (iii) an intraday market ("*mercato infragiornaliero*" or "**MI**"), with auction trading procedure on a continuous basis, where operators are allowed to make changes to the programs defined in the PGM through additional purchase or sale offers.

In addition to the above markets, the Dispatching Service Market ("*Mercato del servizio di dispacciamento*" or "**MSD**") also constitutes a market for MPE**.** It represents the instrument through which the manager of the grid for national transmission, TERNA, procures the resources necessary to manage and control the national electricity system (resolution of intra-zonal congestions, creation of energy reserves, real-time balancing). On the MSD, TERNA acts as a central counterparty and the offers accepted are remunerated at the price presented (*pay-as-bid*).

Also organised and managed by the GME is instead a physical futures market (the "*mercato elettrico a termine"* or "**MTE**"), where forward contracts for electric power with delivery and delivery obligations are traded on a continuous basis.

Operators may also enter into bilateral contracts outside the organised markets of the Power Exchange. Under these bilateral contracts, prices and quantities are determined freely by the contracting parties and the GME manages the platform (called the " *Piattaforma Conti Energia a termine*" or "**PCE**") through which these operators register their commercial obligations and declare the related electricity input and output schedules that they undertake to implement.

Finally, on the "*Italian Derivatives Energy Exchange*" (or "**IDEX**"), operated by Borsa Italiana S.p.A., special derivative contracts with electricity as the underlying asset are traded.

Legislative Decree no. 379 of 19 December 2003 and then, Ministerial Decree of 30 June 2014 and Law

no. 123 of 3 August 2017, introduced the market of powers (*mercato delle capacità*), *i.e.* a mechanism by which TERNA procures powers through long-term supply contracts awarded by means of competitive tenders, which may be joined by operators holding a (programmable and not programmable) production unit. For the operator selected at the end of the tender, it must offer the power on the market of energy and services, it is entitled to receive from TERNA an annual fixed premium and return TERNA the difference, if positive, between the price of electricity realised on the markets of energy and services and a price of exercise defined by ARERA. Tenders may be joined also by the demand-response units and foreign resources with specific obligations and rights. According to article 2 of the Legislative Decree no. 379/2003, criteria and conditions on the basis of procedures were defined by ARERA by Resolution ARG/let 98/11 and Resolution 363/2019/R/eel, while the Technical Provisions of Operation (*Disposizioni Tecniche di Funzionamento*) were designed by TERNA and approved by ARERA. The first tenders occurred in 2019 for delivery years 2022 and 2023.

Financial guarantees in the form of (i) first demand surety; (ii) non-interest bearing cash deposit to be paid on the bank account held by GME with the treasury institute are to be presented – alternatively or cumulatively – in order to operate within the energy markets. For each form of guarantee that the operator decides to provide, it may opt to divide the relative amount according to the operations it intends to have on the different markets managed by the GME, or may present a different guarantee for different markets.

Operators of wholesale markets are subject to a series of data recording and reporting obligations (so-called "**reporting obligations**") deriving from Regulation (EU) no. 1227/2011 of the European Parliament and of the Council of 25 October 2011 on integrity and transparency of the wholesale energy market ("**REMIT**"), which introduced a set of rules aimed at prohibiting abusive practices that could distort the functioning of these markets. In particular, pursuant to article 8 of REMIT, market operators are required, also by resorting to third parties, to report to ACER the register of transactions carried out on wholesale energy markets, including buy and sell orders. In implementation of this rule, the European Commission's Implementing Regulation (EU) no. 1348/2014 of 17 December 2014 ("**REMIT Implementing Regulation**") then further specified (i) the contracts that must be reported to ACER (including contracts for the delivery of electricity produced by a single generating unit with a capacity of more than 10 MW) and (ii) the information that market participants must transmit to ACER in relation to the type of contract entered into. In order to enable an effective implementation of the data collection activity by ACER, article 9 of REMIT also provides that market participants subject to the reporting obligation must register with the national regulatory authority of the Member State where they are established or resident or, if they are not established or resident in the Union, in a Member State where they carry out activities. In Italy, the Italian register of market participants ("**REMIT Register**") was introduced by ARERA with Resolution 86/2015/E/com.

Energy sale – Regulation of the retail sale

The regulation of the retail sale activities is contained within Law Decree no. 73 of 18 June 2007, as converted into Law no. 125 of 3 August 2007, as of 1 July 2007, pursuant to which end users are entitled to withdraw from their existing electricity supply contracts, according to the procedures established by ARERA, and to choose to be supplied by another electricity supplier. For end users who have opted for free market conditions, terms and conditions – including the price – of electricity supply contracts may be agreed between the supplier and the end user at stake. For end users who have not opted for free market conditions, regulated tariffs instead apply, as indicated in the "*Integrated Text of the Provisions of the Authority for Electricity and Gas for the Delivery of Electricity Sales Services for Greater Protection and Safeguard to End Customers pursuant to Law Decree no. 73/07 of 18 June 2007*" as approved on 24 November 2020 by the ARERA with resolution 491/2020/R/EEL (also called "**Testo Integrato della Vendita**" or the "**TIV**"). In particular, the TIV provides for three possible services end users may be assigned according to the following classification:

(i) the greater protection service (*servizio di maggior tutela*) is addressed to: a) retail domestic

clients; b) microbusinesses (less than 10 employees and annual turnover not exceeding EUR 2 million) holding only withdrawal points (*punti di prelievo*) at low voltage, all with contractually reserved capacity not exceeding 15 kW; c) end customers holding withdrawal points at low voltage for uses other than domestic, provided that the points from which energy is withdrawn are all equipped with contractually reserved capacity not exceeding 15 kW. The service is supplied by the local distribution business or by a company identified by it. Economic (price) and contractual conditions are defined by ARERA. Ultimately, the responsibility for the supply of electricity to such customers is on Acquirente Unico S.p.A.. The regulated tariff is composed of different cost elements relating to the specific services provided (i.e. transport, distribution, marketing activities). Invoices to end users must show a breakdown of such costs;

(ii) the step-by-step protection service (*servizio a tutele graduali*) is addressed to: a) small businesses (number of employees not exceeding 50 and greater than 10 and/or annual turnover of not less than EUR 2 million) holding only withdrawal points at low voltage, all with contractually reserved capacity not exceeding 15 kW; b) microbusinesses holding at least a withdrawal point with contractually reserved capacity not exceeding 15 kW. Such a Service is supplied for three years, from 1 July 2021, by selected sellers through specific public procedures performed by Acquirente Unico S.p.A. Each territorial area is supplied by a single provider, which may also supply more areas simultaneously. Contractual conditions are established by ARERA and price is determined on the basis of the tenders outcome;

(iii) the safeguard service (*servizio di salvaguardia*) comprises all the end customers failing to meet the requirements to be entitled to the other two services of last resort. Specifically, the service applies to clients other than domestic supplied at average voltage or businesses at low voltage with more than 50 employees or annual turnover exceeding EUR 10 per year. Acquirente Unico S.p.A. is responsible for organising and performing public procedures for the selection of the businesses supplying such a service, according to the conditions set forth by Article 42 of the TIV.

The step-by-step protection service and the safeguard service are designed as last resort services, destined exclusively to ensure the continuity of supply and not the price protection: Law no. 21 of 26 February 2021 provided for the progressive transition from the protected markets to the free market, by establishing the dates from which the services of price protection will be no longer available. In particular, for the electricity supply of small businesses and microbusinesses with contractually reserved capacity exceeding 15 kW, price protection ended on 1 July 2021. For families and microbusinesses other than above, the abandonment of price protection is instead scheduled for 1 January 2023.

In order to facilitate this transition and improve the understanding and participation of final customers in the free market, some obligations have been introduced for electricity and gas sellers by the Ministry of Economic Development and the ARERA. In particular, pursuant to Article 1, Paragraphs 80, 81 and 82, within 90 days from the date of enactment of the Law no. 124/2017, the Ministry of Economic Development shall set up, as a condition and requirement for the relevant operator/seller to sell electricity to end users, the list of the entities qualified to sell electricity to the end users (the "**List of Qualified Sale Entities**" or "*Elenco dei soggetti abiliti alla vendita di energia elettrica ai clienti finali*"). The Ministry of Economic Development, following to the proposal of the ARERA, shall set out the criteria, the procedure and the technical, financial and reputational requirements for the sale operators wishing to apply to the List of Qualified Sale Entities. The List of Qualified Sale Entities shall be published on the Ministry's website and shall be monthly updated. In this respect, at the end of a specific consultation process provided by Resolution 663/2017/R/eel, with Resolution 762/2017/I/eel ARERA approved the proposal containing the criteria, the procedure and the technical, financial and reputational requirements for registration and permanence in the List of Qualified Sale Entities to be sent to the Ministry. Subsequently, the Ministry of Economic Development prepared a draft regulation which, on 7 June 2018, received the favorable opinion, with observations, from the Council of State. Upon adoption of the

relevant decree, the List of Qualified Sale Entities will be published on the website of the Ministry of Economic Development. Another point of reference for sales regulation, aimed at protecting end customers with minor bargaining power, is the "*Code of business conduct for the sale of electricity*" ("*Codice di condotta commerciale per la vendita di energia elettrica*"), introduced in its original version by attachment A of ARERA's Resolution no. 105 of 30 May 2006, and implemented by ARERA resolution 426/2020/R/com, which set out rules of correctness and transparency of energy sellers *vis-à-vis* end customers, by ensuring equal treatment and equal conditions of the offer to anyone addressing energy sales companies. Further, for retail sale transactions, also the protection regulation of the Consumer Code (*Codice del Consumo*) (Legislative Decree no. 206 of 6 September 6, 2005, as amended and supplemented) applies to supply contracts directly entered into with end customers.

Unbundling

Under article 2, paragraph 12, letter f of Law no. 481/1995, ARERA implemented a stringent discipline of duties of proprietary, legal, administrative-functional and accounting separation (so-called "*unbundling*"). By way of Resolution no. 296/2015/R/Com, in accordance with Legislative Decree no. 93/2011 and European Directives on such matter, the "*Integrated Text of Functional Unbundling*" ("*Testo Integrato di Unbundling Funzionale*", the "**TIUF**"), which replaced the previous regulations contained in the integrated text approved by ARERA's Resolution no. 11 of 18 January 2007, and, *inter alia:*

(i) amended the definition of vertically integrated company operating, so as to extend this definition, based on the notion of a corporate group that also includes the case of control exercised by both individuals, and economic and non-economic public entities;

(ii) introduced new unbundling requirements with regard to communications policies, distinctive corporate elements and branding (so-called "debranding") for all distributors, regardless of their size or corporate form, requiring a complete unbundling between sales and distribution activities and between sales to end customers of electric power in the deregulated market and the service for greater protection;

(iii) revised the obligations on distribution system operators regarding confidentiality in the handling of commercially sensitive information.

With Resolution No. 15/2018/R/com, ARERA updated the provisions regarding unbundling in the electricity sector, according to which ARERA amended the TIUF and the integrated text of the authority's provisions for electricity, gas and water for the regulation of closed distribution systems ("TISDC") providing the exclusion from the functional unbundling obligations for:

(i) electricity distributors that serve less than 25,000 withdrawal points ("**PDR**") and which are not beneficiaries of tariff supplements;

(ii) managers of closed distribution systems ("SDC").

Therefore, in the new regulatory framework, the obligation to provide electronic information on the status of functional unbundling:

(i) remains in respect of electricity distributors serving less than 25,000 withdrawal points (also to enable them to notify the ARERA of the application of the exclusion case introduced by the resolution);

(ii) on the other hand, it is not provided for the operators of SDC (as these parties are separately recorded in the ARERA's records).

With regard to the accounting unbundling, ARERA approved by means of Resolution 231/2014/R/com the "*Integrated Text of Accounting Unbundling*" ("*Testo Integrato di Unbundling Contabile*", the "**TIUC**"). The TIUC replaced the previous regulation contained in the integrated text approved by ARERA

Resolution no. 11 of 18 January 2007, and in particular with reference to the electricity sector, *inter alia*:

(i) streamlined the obligations for operators to communicate accounting unbundling information, providing exemption from preparing and sending this information to smaller companies, those that do not operate in tariff regulation activities and foreign companies;

(ii) launched a technical roundtable with operators to draw up a regulatory accounting manual aimed at providing detailed technical specifications for the preparation of separate annual accounts; and

(iii) provided for a series of provisions of a technical nature, aimed at making the process of preparing separate annual accounts by companies more transparent and homogeneous.

Regulation of Valle d'Aosta Region with special statute

By virtue of the shared legislative power assigned to Regions in matters of energy production, transportation and distribution under article 117 of the Constitution, the regulatory framework defined at national level is integrated by the Regional single provisions where the specific plant is located.

The Region Valle d'Aosta is endowed with differentiated autonomy by virtue of article 116 of the Constitution and the Special Statute of the Region approved by Constitutional Law no. 4 of 26 February 1948 ("**Special Statute**"), which makes it necessary to verify from time to time the applicability of national legislation in the Region, taking into account its compliance with the Special Statute.

The Special Statute of the Region Valle d'Aosta provides for certain matters in which the Region is entitled to enact legislative rules for integration and implementation of the laws of the Republic, in order to adapt them to the regional conditions. (a) Industry and trade, (b) expropriation for public interest for works not borne by the State, (c) regulations of the use of public waters for hydroelectric purpose and the assumption of public services are matters falling within shared jurisdiction. In implementation of art. 4 of the Special Statute, the Presidential Decree no. 1142 of 27 December 1985 has also provided for the transfer to the Autonomous Region of Valle d'Aosta of the administrative functions in the matters of industry, energy production and transformation, activities of research, cultivation, utilisation, reprocessing and transport of raw materials and energy.

By means of implementing rules, indeed, the contents of the Regional jurisdictions have been better determined in those matters where it has legislative jurisdiction and in those sectors where the Statute ensures particular powers of intervention. Among the most relevant ones, for example, are the regulations on the use of public waters (Legislative Decree no. 89 of 16 March 1999) and those on dams (Legislative Decree no. 50 of 7 March 2008).

Given the importance of the water heritage for Valle d'Aosta, the Special Statute, in articles 5 and following, provides for a particular position of the Region as regards the use of public waters. In particular, article 7 provides that waters, with the exception of irrigation and drinking waters, are granted by the State free of charge for ninety-nine years to the Region, unless the State intends to make them the object of a national interest plan. Waters which, at the date of 7 September 1945, had already been the object of a recognition of use or concession are excluded from the concession. The waters granted to the Region can be sub-concessioned by the latter, with a preliminary investigation and according to the procedures provided for the concessions of the State (*i.e.* the Consolidated Law on Waters and Electric Installations and the Bersani Decree).

By means of the following Legislative Decree no. 259/2016 providing "*Rules for implementation of the Special Statute of the Autonomous Region Valle d'Aosta/Vallée d'Aoste in the matter of hydric public property*", the Italian State transferred from its own hydric public property to the regional one the assets of public property assets located within the territory of Region Valle d'Aosta, with exclusion of assets in

the riverbed and pertinencies (*pertinenze*) of Dora Baltea from the intersection of Dora di Ferret with Dora di Venv until the border with Region Piedmont, as river of supra-regional scope.

From the perspective of authorisations to the new constructions of plants from renewable sources, Region Valle d'Aosta, by implementing the provisions of the national guidelines, approved the D.G.R. no. 9 of 5 January 2011, which identified the areas of the regional territory not suitable for the installation of plants exploiting the solar source through photovoltaic conversion and wind source.

Particular provisions for publicly held companies

Legislative Decree no. 175 of 19 August 2016 ("**Madia Decree**"), as amended by Legislative Decree no. 100 of 16 June 2017[7], provided for certain specific provisions on the subject of publicly owned companies, at the national level. In implementation of the delegation of power referred to in the combined provisions of articles 16 and 18 of Law no. 124/2015, the Madia Decree operates a reorganisation of the previous regulations on the subject of publicly owned companies, with the aim of reducing and rationalising the phenomenon of publicly owned companies, also having regard to an efficient management of such shareholdings and the containment of public expenditure. These rules concern, *inter alia*, the incorporation of companies by public administrations, the purchase, maintenance and management of shareholdings by such administrations in companies with total or partial (direct or indirect) public shareholdings, as well as the regulation of corporate governance, the requirements and remuneration of members of corporate bodies and personnel management. The provisions of the Madia Decree apply to listed companies, only if so expressly provided.

The text of the Madia Decree, after defining its purpose and scope of application, establishes in article 4 the general prohibition for public administrations to incorporate, even indirectly, companies whose purpose is the production of goods and services not strictly necessary for the pursuit of their institutional aims, as well as to acquire or maintain shareholdings, including minority shareholdings, in such companies. Within the limits of this principle, the same article 4 lists the purposes that can be pursued by the administrations through the companies in which they hold shares as well as the specific types of company in which participation or establishment is allowed. Article 5 requires (i) the adoption of a resolutive act by the competent body of the public administration to justify the incorporation of publicly held companies or the acquisition of shareholdings, including indirect shareholdings, by public administrations in companies already incorporated, with reference to the necessity of the company for the pursuit of the institutional aims allowed by article 4, to the financial sustainability and to the economic efficiency of the administrative action and (ii) the delivery of a communication, for information purposes, to the Court of Auditors and to the AGCM. With respect to point (ii) above, Article 9 of the draft of the Annual Market and Competition Law provides that the above communication shall be filed not only for information purposes: the Court of Auditors shall grant a positive opinion in terms of financial sustainability and compliance with the principles of efficiency, effectiveness, and cost-effectiveness (*economicità*) within the 60 days following the receipt of the communication.

Specific rules are also laid down on governance, incorporation of companies or acquisition of shareholdings in companies already incorporated. Article 6 defines the basic elements of the organisation and management of publicly controlled companies, while the following articles 7 and 8 regulate, respectively, the incorporation of such companies and the purchase of shares in companies already incorporated. In particular, articles 8 and 10 make the effectiveness of operations of (i) acquisition, by public administrations, of shareholdings in companies already incorporated, also by means of subscription of capital increases or implementation of extraordinary operations (article 8) and (ii) transfer and incorporation of restrictions on the shareholdings of public administrations (article 10) subject to the adoption of a resolutive act by the competent organ of the public administration.

[7] The Madia Decree has been further amended by Article 1, para. 721 of Law 145/2018 amending Article 1, para. 5 of the Madia Decree whereby providing the definition of "listed companies" for the purposes of the scope of Madia Decree.

At regional level, the matter of companies directly or indirectly held by the Valle d'Aosta Region is governed by Regional Law no. 20/2016 which, consistently with the national regulatory framework and in particular with the Madia Decree, has introduced specific procedures for the management of regional shareholdings. However, pursuant to Article 1, paragraph 1-*bis* of the Regional Law, the provisions therein provided shall not apply to CVA Group, with the exception of Article 5, paragraph 2, relating to the verification of the knowledge of the French language in the context of the procedures for the hiring of non-executive personnel.

TAXATION

The statements herein regarding taxation are based on the laws in force as at the date hereof and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. 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. 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 is based upon the laws and/or practice in force as at the date hereof. Italian tax laws and interpretations may be subject to frequent changes which could be made on a retroactive basis. The Issuer will not update this summary to reflect changes in laws and/or in practice and if such a change occurs, the information in this summary could become invalid.

Tax treatment of interest

Legislative Decree No. 239 of April 1, 1996 ("**Decree No. 239**") sets forth the applicable regime regarding the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price, hereinafter collectively referred to as "**Interest**") deriving from Notes falling within the category of bonds (*obbligazioni*) and similar securities (pursuant to Article 44 of Presidential Decree No. 917 of December 22, 1986, as amended and supplemented ("**Decree No. 917**")): *(i)* issued, *inter alia*, by Italian stock companies with shares listed in a regulated market or multilateral trading facility situated or operating in an EU Member States or States party to the the EEA Agreement allowing a satisfactory exchange of information with the Italian tax authorities as included in the decree of the Ministry of Economy and Finance of September 4, 1996, as subsequently amended and supplemented or superseded pursuant to Article 11, paragraph 4(c) of Decree No. 239 (the "**White List**"); or *(ii)* listed in one of the above mentioned markets or multilateral trading facilities; or *(iii)* not listed but held by qualified investors (*investitori qualificati*), as defined pursuant to Article 100 of the Legislative Decree No. 58 of 24 February 1998, as subsequently amended and supplemented, as implemented by Article 35, paragraph 1(d) of CONSOB Regulation No. 20307 of 15 February 2018 (that has replaced CONSOB Regulation No. 16190 of 29 October 2007) as amended from time to time, pursuant to article 34-*ter*, paragraph 1(b) of the CONSOB regulation No. 11971 of 14 May 1999.

For these purposes, securities similar to bonds (*titoli similari alle obbligazioni*) are securities that incorporate an unconditional obligation for the Issuer to actually pay, at maturity (or at any earlier redemption), an amount not lower than their nominal/face value/principal and that do not provide any right of direct or indirect participation in, or control on, the management of the Issuer or of the business in connection with which they are issued.

Italian-resident Noteholders

Noteholders not engaged in an entrepreneurial activity

If an Italian-resident beneficial owner of the Notes (a "**Noteholder**") is:

a. an individual not engaged in an entrepreneurial activity to which the Notes are connected;

b. a non-commercial partnership (*società semplice*) or a professional association;

c. a non-commercial private or public institution (other than Italian undertakings for collective investment); or

d. an investor exempt from Italian corporate income taxation,

then interest derived from the Notes, and accrued during the relevant holding period, is subject to a tax withheld at source (*imposta sostitutiva*), levied at a rate of 26 per cent., unless the relevant Noteholder holds the Notes in a discretionary investment portfolio managed by an authorised intermediary and has validly opted for the application of the risparmio gestito regime under Article 7 of Legislative Decree No. 461 of November 21, 1997 ("**Decree No. 461**") (see also "*Tax treatment of capital gains — Discretionary investment portfolio regime (Risparmio gestito regime)*" below).

Subject to certain conditions (including a minimum holding period requirement) and limitations, Interest derived from the Notes (being financial instruments issued by an Italian resident corporation) may be exempt from any income taxation (including the 26 per cent. *imposta sostitutiva*) if the Noteholder is an Italian resident individual not engaged in entrepreneurial activity and 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 and in Article 1, (211 - 215) of Law No. 145 of 30 December 2018, as implemented by the Ministerial Decree 30 April 2019, and for long-term savings account established from 1 January 2020, in Article 13-*bis* of Law Decree No. 124 of 26 October 2019 ("**Law Decree No. 124**"), converted into Law with amendments by Law No. 157 of 19 December 2019, as lastly amended and supplemented by Article 136 of Law Decree No. 34 of 19 May 2020 ("**Law Decree No. 34**"), converted into Law with amendments by Law No. 77 of 17 July 2020 and by Article 68 of Law Decree No. 104 of 14 August 2020 ("**Law Decree No. 104**"), converted into Law with amendments by Law No. 126 of 13 October 2020.

Noteholders engaged in an entrepreneurial activity

In the event that the Italian-resident Noteholders mentioned under letters a) and 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.

If a Noteholder who is the beneficial owner of the Notes is an Italian-resident company or similar commercial entity, or a permanent establishment in Italy of a non-resident company to which the Notes are effectively connected, and the Notes are timely deposited with an authorised intermediary, Interest from the Notes will not be subject to the *imposta sostitutiva*. Interest must, however, be included in the relevant Noteholder's income tax return and is therefore subject to general Italian corporate income tax ("**IRES**"), currently applying at the ordinary rate of 24 per cent. and, in certain circumstances, depending on the status of the Noteholder, also to the Italian regional tax on productive activities ("**IRAP**"), generally applying at the rate of 3.9 per cent. (IRAP applies at different rates for certain categories of investors, e.g. banks, financial institutions and insurance companies and, in any case, may be increased or decreased by regional laws).

Real estate investment funds and real estate SICAFs

Payments of Interest deriving from the Notes made to (i) Italian resident real estate collective investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998 and Article 14-*bis* of Law No. 86 of 25 January 1994 and to (ii) Italian real estate closed-ended investment companies to which the provisions of Article 9 of Legislative Decree No. 44 of 4 March 2014 apply (*società di investimento a capitale fisso*, or "**SICAFs**"), provided that the Notes, together with the coupons relating thereto, are timely deposited directly or indirectly with an Italian authorised financial intermediary (or permanent establishment in Italy of a non-resident intermediary) are subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate investment fund or the real estate SICAF. However, a withholding or substitute tax of 26 per cent. will apply, in certain circumstances, to income derived by unitholders or shareholders in the event of distributions, redemption or sale of the units or shares. Moreover, subject to certain conditions, income realised by

Italian real estate investment funds or real estate SICAFs is attributed pro rata to the Italian resident unitholders irrespective of any actual distribution on a tax transparency basis.

Funds, SICAVs and non-real estate SICAFs

If an Italian resident Noteholder is a non-real estate open-ended or a closed-ended collective investment fund ("**Fund**"), an open-ended investment company (*società di investimento a capitale variabile*, or "**SICAV**") or a non-real estate SICAF, established in Italy, and either (i) the Fund, the SICAV or the non-real estate SICAF or (ii) their manager is subject to the supervision of a regulatory authority and the Notes are timely deposited with an authorised intermediary, Interest accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund, the SICAV or the non-real estate SICAF. The Fund, the SICAV or the non-real estate SICAF are subject neither to *imposta sostitutiva* nor to any other income tax at their level, but a withholding tax of 26 per cent. will instead apply, in certain circumstances, on proceeds distributed in favour of their unitholders or shareholders by the Fund, the SICAV or the non-real estate SICAF.

Pension funds

If an Italian-resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of Italian Legislative Decree No. 252 of December 5, 2005) and the Notes are timely 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 (which will be subject to a 20 per cent. substitute tax). Subject to certain limitations and requirements (including a minimum holding period) Interest in respects to the Notes may be excluded from the taxable base of the 20 per cent. substitute tax pursuant to Article 1, paragraph 92, of Law No. 232 of 11 December 2016, if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) pursuant to Article 1, (100 - 114) of Law No. 232 of 11 December 2016 and to Article 1, (210 - 215) of Law No. 145 of 30 December 2018, as implemented by the Ministerial Decree 30 April 2019, and for long-term savings account established from 1 January 2020, to Article 13-*bis* of Law Decree No. 124, as lastly amended and supplemented by Article 136 of Law Decree No. 34 and by Article 68 of Law Decree No. 104.

Application of the imposta sostitutiva

Pursuant to Decree No. 239, the *imposta sostitutiva* is applied by banks, brokerage companies (*società di intermediazione mobiliare*, or **SIM**), fiduciary companies, società di gestione del risparmio ("**SGR**"), stockbrokers and other entities identified by decrees of the Ministry of Economy and Finance (each, an "**Intermediary**").

An Intermediary must:

(a) be resident in Italy, or be a permanent establishment in Italy of a non-Italian-resident financial intermediary; and

(b) participate, 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 in the Intermediary with which the Notes are deposited.

If the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by the relevant Italian financial intermediary (or permanent establishment in Italy of a non-Italian resident financial intermediary) paying the Interest to a Noteholder or, absent that, by the Issuer and gross recipients that are Italian resident corporations or permanent establishments in Italy of non-resident corporations to which the Notes are effectively connected are entitled to deduct *imposta sostitutiva* suffered from income taxes due.

Non-Italian resident Noteholders

If the Noteholder is a non-Italian resident for tax purposes, an exemption from the *imposta sostitutiva* applies, provided that the non-Italian resident Noteholder is:

(a) a beneficial owner of the payment of Interest with no permanent establishment in Italy to which the Notes are effectively connected and resident, for tax purposes, in a state or territory included in the White List; or

(b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or

(c) an "institutional investor", whether or not subject to tax, which is established in a state or territory included in the White List, even if it does not possess the status of a taxpayer in its own state of establishment; or

(d) a central bank or an entity which manages, inter alia, the official reserves of a foreign state.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owners of the payments of Interest or must qualify as "institutional investors" and must promptly deposit the Notes together with the coupons relating to such Notes, 'directly or indirectly' with:

(i) an Italian or non-resident 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); or

(ii) an Italian-resident bank or SIM, or a permanent establishment in Italy of a non-resident bank or SIM, acting as depositary or sub-depositary of the Notes appointed to maintain direct relationships, via telematic link, with the Department of Revenue of the Ministry of Economy and Finance (the "**Second Level Bank**"). Organizations and companies that are not resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of the Italian Ministry of 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 SIM, or a central depositary of financial instruments pursuant to Article 80 of Legislative Decree No. 58 of February 24, 1998) for the purposes of the application of Decree No. 239. If a non-Italian resident Noteholder deposits the Notes directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank.

The exemption from the *imposta sostitutiva* for non-Italian resident Noteholders is conditional upon:

(i) the timely deposit of the Notes, either directly or indirectly, with an institution which qualifies as a Second Level Bank; and

(ii) the submission at the time or before the deposit of the Notes to the First Level Bank or the Second Level Bank (as the case may be) of a statement of the relevant Noteholder (*autocertificazione*), to be provided only once, in which it declares, inter alia, that it is the beneficial owner of any interest on the Notes and it is eligible to benefit from the exemption from the *imposta sostitutiva*;

(iii) the acquisition by the Second Level Bank of all necessary information to identify the non-resident beneficial owner of the deposited debt securities, and all necessary information in order to determine the amount of Interest that such beneficial owner is entitled to receive.

Such statement must comply with the requirements set forth by a Ministerial Decree dated 12 December 2001, is valid until withdrawn or revoked (unless some information provided therein has changed) and

does not need to be submitted where a certificate, declaration or other similar document for the same or equivalent purposes was previously submitted to the same depository. The above statement is not required for non-Italian resident investors that are international bodies or entities set up in accordance with international agreements entered into force in Italy referred to in point (b) above or Central Banks or entities also authorised to manage the official reserves of a State referred to in point (d) above. Additional requirements are provided for "institutional investors" referred to in point (c) above (in this respect see, among others, Circular Letters Nos. 23/E of 1 March 2002 and No. 20/E of 27 March 2003).

The *imposta sostitutiva* will be applicable at a rate of 26 per cent. to Interest paid to Noteholders who do not qualify for the foregoing exemption or do not timely and properly satisfy the requested conditions (including the procedures set forth under Decree No. 239 and in the relevant implementation rules).

Noteholders who are subject to the *imposta sostitutiva* might, nevertheless, be eligible for full or partial relief under an applicable tax treaty, provided that the relevant conditions are satisfied and subject to timely filing of required documentation provided by Regulation of the Director of Italian Revenue Agency No. 2013/84404 of July 10, 2013.

Tax treatment of capital gains

Italian-resident Noteholders

Noteholders not engaged in an entrepreneurial activity

Where an Italian-resident Noteholder is:

(a) an individual not engaged in an entrepreneurial activity to which the Notes are connected; or

(b) a non-commercial partnership; or

(c) a non-commercial private or public institution,

any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to a capital gain tax (*imposta sostitutiva*, or "**CGT**") levied at a rate of 26 per cent. Under certain conditions, Noteholders may set off any capital losses with their capital gains.

In respect of the application of the *imposta sostitutiva*, taxpayers may opt — under certain conditions — for any of the three regimes described below.

Tax return regime. Under the tax return regime (*regime della dichiarazione*), which is the default regime for Italian-resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the CGT on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss) realised by the Italian-resident individual holding the Notes during any given tax year. Italian-resident individuals holding the Notes not in connection with an entrepreneurial activity 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 the CGT on such gains, together with any balance of income tax due for such year. Within the same time limit, capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years

Non-discretionary investment portfolio regime (Risparmio amministrato regime). As an alternative to the tax return regime, Italian-resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity may elect to pay the CGT separately on capital gains realised on each sale or redemption of the Notes (*regime del risparmio amministrato*). Such separate taxation of capital gains is allowed subject to:

(a) the Notes being deposited with an Italian bank, SIM or certain authorised financial intermediaries; and

(b) an express election for the *risparmio amministrato* regime being made in writing in a timely fashion by the relevant Noteholder.

The depository must account for the CGT in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay the CGT to the Italian tax authorities on behalf of the Noteholder, 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, any possible capital loss resulting from a sale or redemption or certain other transfer of the Notes 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 until the fourth tax year. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains/losses realised within said regime in the annual tax return.

Discretionary investment portfolio regime (Risparmio gestito regime). In the *risparmio gestito* regime, any capital gains realised by Italian-resident individuals holding the Notes not in connection with an entrepreneurial activity and who have entrusted the management of their financial assets (including the Notes) to an authorised intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at tax year-end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Any decrease in value of the managed assets accrued at the tax year-end may be carried forward against any increase in value of the managed assets accrued in any of the four succeeding tax years. The Noteholder is not required to declare the capital gains or losses realised within said regime in its annual tax return. The Noteholder is not required to declare the capital gains realised in the annual tax return.

Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains on the Notes may be exempt from any income taxation (including from the 26 per cent. CGT) if the Noteholder is an Italian resident individual not engaged in entrepreneurial activity and the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets all the requirements set forth in Article 1(100-114) of Finance Act 2017 and in Article 1, (211 - 215) of the Law No. 145, as implemented by the Ministerial Decree 30 April 2019 and for long-term savings account established from 1 January 2020, in Article 13-*bis* of Law Decree No. 124, as lastly amended and supplemented by Article 136 of Law Decree No. 34 and by Article 68 of Law Decree No. 104.

Noteholders engaged in an entrepreneurial activity

Any gain obtained from the sale or redemption of the Notes will be treated as part of taxable business income (and, in certain circumstances, depending on the ”status” of the Noteholder, also as part of net value of the production for IRAP purposes), if realised by an Italian company, a similar commercial entity (including the Italian permanent establishment of non-resident entities to which the Notes are connected) or Italian-resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Real estate investment funds and real estate SICAFs

Any capital gains realised by a Noteholder which qualifies as an Italian real estate investment fund or an Italian real estate SICAF will be subject neither to CGT nor to any other income tax at the level of the real estate investment fund or the real estate SICAF (see “*Tax treatment of interest – Real estate investment funds and real estate SICAFs*” above). However, a withholding or substitute tax of 26 per cent. will apply, in certain circumstances, to income realised by unitholders or shareholders in the event of distributions, redemption or sale of the units or shares. Moreover, subject to certain conditions, income realised by Italian real estate investment funds or real estate SICAFs is attributed pro rata to the Italian resident unitholders irrespective of any actual distribution on a tax transparency basis.

Funds, SICAVs and non-real estate SICAFs

Any capital gains realised by a Noteholder which is a Fund, a SICAV or a non-real estate SICAF will not be subject to CGT nor to any other income tax at the level of the Fund, the SICAV or the non-real estate SICAF. However, income realised by the unitholders or shareholders in case of distributions, redemption or sale of the units/shares may be subject to a withholding or substitute tax of 26 per cent.

Pension funds

Any capital gains realised by a Noteholder which qualifies as an Italian pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of December 5, 2005) will be included in the result of the relevant portfolio accrued at the end of the relevant tax period, and subject to 20 per cent. substitute tax. Subject to certain limitations and requirements (including a minimum holding period), capital gains realised in respect of the Notes may be excluded from the taxable base of the substitute tax pursuant to Article 1, paragraph 92, of Law No. 232 of 11 December 2016, if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) pursuant to Article 1, (100 - 114) of Law No. 232 of 11 December 2016 and to Article 1, (210 - 215) of Law No. 145 of 30 December 2018, as implemented by the Ministerial Decree 30 April 2019, and for long-term savings account established from 1 January 2020, to Article 13-*bis* of Law Decree No. 124, as lastly amended and supplemented by Article 136 of Law Decree No. 34 and by Article 68 of Law Decree No. 104.

Non-Italian resident Noteholders

A 26 per cent. CGT may be payable on capital gains realised on the sale or redemption of the Notes by non-Italian resident persons without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy. However, under Article 23(1)(f)(2) of Decree No. 917, capital gains realised by non-resident Noteholders from the sale or redemption of notes issued by an Italian-resident issuer and traded on regulated markets in Italy or abroad are not subject to CGT, subject to the filing of required documentation in a timely fashion (in particular, a self-declaration that the Noteholder is not resident in Italy for tax purposes) with Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the Notes are deposited, even if the Notes are held in Italy and regardless of the provisions set forth by any applicable double tax treaty.

Capital gains realised by non-resident Noteholders from the sale or redemption of Notes issued by an Italian-resident issuer, even if the Notes are not traded on regulated markets, are not subject to CGT, provided that the beneficial owner is:

(a) a beneficial owner of the capital gains with no permanent establishment in Italy to which the Notes are effectively connected and resident, for tax purposes, of a state or territory included in the White List; or

(b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or

(c) an "institutional investor", whether or not subject to tax, which is established in a state or territory included in the White List, even if it does not possess the status of a taxpayer in its own state of establishment; or

(d) a central bank or an entity which manages, inter alia, the official reserves of a foreign state.

In order to ensure gross payment, non-Italian resident Noteholders must satisfy the same conditions set forth above to benefit from the exemption from the *imposta sostitutiva* in accordance with Decree 239 (see "*Tax treatment of interest*" above).

If none of the above conditions is met, capital gains realised by non-Italian resident Noteholders from the sale or the redemption of Notes issued by an Italian resident issuer and not traded on regulated

markets may be subject to CGT at the current rate of 26 per cent. However, Noteholders might benefit from an applicable tax treaty with Italy, providing that capital gains realised upon the sale or redemption of the Notes are to be taxed only in the State where the recipient is tax resident, subject to certain conditions to be satisfied.

Under these circumstances, if non-resident persons without a permanent establishment in Italy to which the Notes are effectively connected hold Notes with an Italian authorised financial intermediary and are subject to the *risparmio amministrato* regime or elect for the *risparmio gestito* regime, exemption from Italian taxation on capital gains will apply upon condition that the non-resident Noteholders file in time with the authorised financial intermediary appropriate documents which include, inter alia, a certificate of residence from the competent tax authorities of their country of residence.

The *risparmio amministrato* regime is the ordinary regime automatically applicable to non-Italian resident persons and entities holding Notes deposited with an Intermediary, but non-Italian resident Noteholders retain the right to waive this regime.

Fungible assets

Pursuant to Article 11, paragraph 2 of Decree No. 239, where the Issuer issues a new Tranche forming part of a single series with a previous Tranche, for the purposes of calculating the amount of Interest subject to *imposta sostitutiva* (if any), the issue price of the new Tranche will be deemed to be the same as the issue price of the original Tranche. This rule applies where (a) the new Tranche is issued within 12 months from the issue date of the previous Tranche and (b) the difference between the issue price of the new Tranche and that of the original Tranche does not exceed 1 per cent. of the nominal value of the Notes multiplied by the number of years of the duration of the Notes.

Certain reporting obligations for Italian-resident Noteholders

Under Law Decree No. 167 of 28 June 1990, as subsequently amended and supplemented, individuals, non-business entities and non-business partnerships that are resident in Italy and, during the tax year, hold financial assets abroad (including possibly the Notes) must, in certain circumstances, disclose these investments or financial assets to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return), regardless of the value of such assets (save for deposits or bank accounts having an aggregate value not exceeding the Euro 15,000 threshold throughout the year, which per se do not require such disclosure). The requirement applies also where the persons above, being not the direct holders of the financial assets, are the actual economic owners thereof for the purposes of anti-money laundering legislation.

No disclosure requirements exist for investments and financial assets (including the Notes) under management or administration entrusted to Italian resident intermediaries (Italian banks, SIMs, fiduciary companies or other professional intermediaries, indicated in Article 1 of Decree No. 167 of 28 June 1990) and for contracts concluded through their intervention, provided that the cash flows and the income derived from such activities and contracts have been subject to Italian withholding or substitute tax by the same intermediaries.

Italian inheritance tax and gift tax

The transfer of Notes by reason of gift, donation or succession proceedings is subject to Italian gift and inheritance tax as follows:

(a) 4 per cent. for transfers in favour of the spouse or direct relatives exceeding, for each beneficiary, a threshold of Euro 1 million;

(b) 6 per cent. for transfers in favour of siblings exceeding, for each beneficiary, a threshold of Euro 100,000;

(c) 6 per cent. for transfers in favour of relatives up to the fourth degree and to all relatives in law in direct line and to other relatives in law up to the third degree, on the entire value of the inheritance or the gift; and

(d) 8 per cent. for transfers in favour of any other person or entity, on the entire value of the inheritance or the gift.

If the heir/heiress or the donee is a person with a severe disability pursuant to Law No. 104 of 5 February 1992, inheritance tax or gift tax is applied to the extent that the value of the inheritance or gift exceeds Euro 1.5 million.

With respect to Notes listed on a regulated market, the value for inheritance and gift tax purposes is the average stock exchange price of the last quarter preceding the date of the succession or of the gift (including any accrued interest). With respect to unlisted Notes, the value for inheritance tax and gift tax purposes is generally determined by reference to the value of listed debt securities having similar features or based on certain elements as presented in the Italian tax law.

Moreover, an anti-avoidance rule is provided in the case of a gift of assets, such as the Notes, whose sale for consideration would give rise to capital gains to be subject to the *imposta sostitutiva* provided for by Decree 461/1997, as subsequently amended. In particular, if the donee sells the Notes for consideration within five years from their receipt as a gift, the latter is required to pay the relevant *imposta sostitutiva* as if the gift had never taken place.

Italian inheritance tax and gift tax applies to non-Italian resident individuals for bonds issued by Italian resident companies.

Wealth tax – direct holding

According to Article 19 of Law Decree No. 201 of 6 December 2011, converted with Law No. 214 of December 22, 2011 (as amended by Article 1(710)(d) of Law 27 December 2019, No. 160 and Article 134 of Law Decree No. 34) Italian-resident individuals, non-business entities and non-business partnerships that are resident in Italy holding financial products, including the Notes, outside Italy without the involvement of an Italian financial intermediary are required to pay a wealth tax (IVAFE) currently at the rate of 0.20 per cent. (the level of tax being determined in proportion to the period of ownership) for each year. The wealth tax cannot exceed Euro 14,000 per year for Noteholders other than individuals.

The wealth tax applies on the market value at the end of the relevant year or, in the absence of a market value, on the nominal value or redemption value of such financial products held outside Italy. Taxpayers are generally permitted to deduct from the wealth tax a tax credit equal to any wealth taxes paid in the State where the financial products are held (up to the amount of the Italian wealth tax due).

Stamp taxes and duties – holding through financial intermediary

Under Article 13(2-*ter*) of the tariff, Part I of the Decree No. 642 of October 26, 1972, a 0.2 per cent. stamp duty generally applies on communications and reports that Italian financial intermediaries periodically send to their clients in relation to the financial products that are deposited with such intermediaries. The Notes are included in the definition of financial products for these purposes. Communications and reports are deemed to be sent at least once a year even if the Italian financial intermediary is under no obligation to either draft or send such communications and reports.

The stamp duty cannot exceed Euro 14,000 for Noteholders other than individuals. Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy and Finance on 24 May 2012, the 0.2 per cent. stamp duty does not apply to communications and reports that the Italian financial intermediaries send to investors who do not qualify as “clients” according to the regulations issued by the Bank of Italy.

The taxable base of the stamp duty is the market value or, in the lack thereof, the nominal value or the redemption amount of any financial product.

Registration tax

Contracts relating to the transfer of the Notes are subject to the registration tax as follows:

(a) public deeds and private deeds with notarised signatures (*atti pubblici e scritture private autenticate*) are subject to fixed registration tax at rate of Euro 200; and

(b) private deeds (scritture private non autenticate) are subject to fixed registration tax of Euro 200 only in the "case of use" or voluntary registration or occurrence of the so-called *enunciazione*.

SUBSCRIPTION AND SALE

Pursuant to a subscription agreement between the Issuer and the Sole Bookrunner dated 18 November 2021 (the "**Subscription Agreement**"), the Sole Bookrunner has agreed to subscribe for the Notes on the Closing Date at the issue price of 100 per cent. of their principal amount. The Issuer has agreed to pay commissions to the Sole Bookrunner and to reimburse certain of its expenses incurred in connection with the discharge of its duties under the Subscription Agreement. The Sole Bookrunner is entitled in certain circumstances to be released and discharged from its obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

United States of America

The Notes have not been and will not be registered under the Securities Act of 1933, as amended (the "**Securities Act**") and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

The Sole Bookrunner has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Prohibition of Sales to EEA Retail Investors

The Sole Bookrunner has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area.

For the purposes of this provision, the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(b) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

The Sole Bookrunner has represented and agreed that:

(a) it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor (as defined below) in the United Kingdom;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

For the purposes of paragraph (a) above, the expression "**retail investor**" means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of United Kingdom domestic law by virtue of the EUWA; or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of United Kingdom domestic law by virtue of the EUWA.

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, the Sole Bookrunner has represented and agreed that no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(a) to qualified investors (*investitori qualificati*), as defined under Article 2, paragraph 1, letter e) of the Prospectus Regulation, Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended from time to time (otherwise known as the *Testo Unico della Finanza* or the "**TUF**") and/or any applicable Italian CONSOB regulations; or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 100 of TUF and Article 34-*ter* of Regulation No. 11971 of 14 May 1999, as amended from time to time, and in accordance with any applicable Italian laws and regulations.

Any offer, sale or delivery of the Notes or distribution of copies of this Prospectus or any other document relating to the Notes in the Republic of Italy must be made in compliance with the selling restriction under points (a) or (b) above and must be made:

(i) by *soggetti abilitati* (including investment firms, banks or financial intermediaries), as defined under Article 1, first paragraph, letter r) of the TUF, permitted to conduct such activities in the Republic of Italy in accordance with the relevant provisions of the TUF, 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 from time to time (otherwise known as the *Testo Unico Bancario* or the "**TUB**") and any other applicable laws and regulations;

(ii) in compliance with Article 129 of the TUB and the implementing guidelines of the Bank of Italy as amended from time to time, pursuant to which the Bank of Italy may request periodic reporting, data and information on the issue or the offer of securities in the Republic of Italy; and

(iii) in compliance with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy or any other competent authority.

General

No action has been or will be taken in any jurisdiction by the Issuer or the Sole Bookrunner that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required.

The Sole Bookrunner has represented, warranted and agreed that it will, to the best of its knowledge and belief, comply with all the relevant laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus or any other offering material, in all cases at its own expense.

GENERAL INFORMATION

Authorisation

The Autonomous Region of Valle d'Aosta has authorised the creation and issue of the Notes by enacting the Regional Law No. 26 dated 13 October 2021 (Provisions in the matter of corporate transactions by Compagnia Valdostana delle Acque – Compagnie Valdôtaine des Eaux S.p.A.). In addition, the creation and issue of the Notes has been authorised by a resolution passed by the Issuer's shareholders' meeting on 30 June 2021 and by a resolution passed by the Issuer's Board of Directors on 27 October 2021.

Listing and admission to trading

Application has been made to Euronext Dublin for the Notes to be admitted to trading on its regulated market and to be listed on the Official List.

Expenses related to admission to trading

The total expenses related to admission to trading are estimated at €18,000.

Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or to trading on its regulated market for the purposes of the Prospectus Regulation.

Legal and arbitration proceedings

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer or the Group.

Significant/material adverse change

Since 31 December 2020, there has been no material adverse change in the prospects of the Issuer and no significant change in the financial position or performance of the Group.

Auditors

The consolidated financial statements of the Issuer as at and for the years ended 31 December 2020 and 2019 have been audited without qualification by EY S.p.A.

EY S.p.A. is authorised and regulated by the Italian Ministry of Economy and Finance ("**MEF**") and registered on the register of auditing firms held by MEF under number 70945. The registered office of EY S.p.A. is at Via Lombardia 31, 00187 Rome, Italy.

Documents on display

For so long as the Notes remain outstanding, the following documents may be viewed on the following websites:

(a) this Prospectus:

- on the website of Euronext Dublin (*https://live.euronext.com*)

- on the Issuer's website at the following address:

https://www.cvaspa.it/sites/default/files/2021-11/Prospectus_0.pdf

(b) the above-mentioned audited consolidated annual financial statements of the Issuer:

- on the Issuer's website, at the addresses shown in the section of this Prospectus entitled "*Information Incorporated by Reference*"

(c) an English translation of the By-laws (*statuto*) of the Issuer:

- on the Issuer's website at the following address:

https://www.cvaspa.it/sites/default/files/2021-11/CVA_Bylaws%20ENG.pdf

(d) the Agency Agreement:

- on the Issuer's website at the following address:

https://www.cvaspa.it/sites/default/files/2021-11/Agency%20Agreement_0.pdf

(e) the Deed of Covenant:

- on the Issuer's website at the following address:

https://www.cvaspa.it/sites/default/files/2021-11/Deed%20of%20Covenant_0.pdf

In addition, physical or electronic copies of the above documents (together, where appropriate, with English translations) may be inspected during normal business hours at the offices of the Fiscal Agent at 60, Avenue J.F. Kennedy, L 1855 Luxembourg, Grand Duchy of Luxembourg.

Legal Entity Identifier (LEI)

The Issuer's Legal Entity Identifier (LEI) is 8156009034C1A5108284.

Interests of natural and legal persons involved in the issue

The Sole Bookrunner and its affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, the Issuer and its affiliates and have performed, and may in the future perform, corporate finance and other services for the Issuer and its affiliates, in each case in the ordinary course of business.

In addition, in the ordinary course of their business activities, the Sole Bookrunner and its 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 its affiliates. The Sole Bookrunner or its affiliates that have a lending relationship with the Issuer may routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, the Sole Bookrunner and its 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. Any such short positions could adversely affect future trading prices of the Notes. The Sole Bookrunner and its 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 avoidance of doubt, in this Prospectus the term 'affiliates' includes also parent companies.

Indication of yield

On the basis of the issue price of the Notes of 1.119 per cent. of their principal amount, the gross yield of the Notes is 1.119 per cent. on an annual basis. Such amount is not, however, an indication of future yield.

Legend concerning US persons

The Notes and any Coupons appertaining thereto will bear a legend to the following effect:

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

ISIN and common code

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The Notes have the following ISIN and common code assigned to them:

ISIN: XS2408009855

Common code: 240800985

The CFI Code for the Notes is DBFXFB and the FISN for the Notes is COMPAGNIA VALDO/1.119 BD 20281119.

Eurosystem Eligibility

The Notes are issued in NGN form and intended to be held in a manner which would allow Eurosystem eligibility. This 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 of the Notes or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that Eurosystem eligibility criteria have been met.

ISSUER

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