FIRST SUPPLEMENT DATED 15 JANUARY 2021

TO THE BASE PROSPECTUS DATED 24 JULY 2020

ACEA S.p.A.

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

€4,000,000,000

Euro Medium Term Note Programme

This Supplement to the Base Prospectus (the "**Supplement**") constitutes a prospectus supplement for the purposes of Article 23(1) of Regulation (EU) 2017/1129 of 14 June 2017 (as amended, the "**Prospectus Regulation**") and is prepared in connection with the Base Prospectus dated 24 July 2020 (the "**Base Prospectus**") prepared by Acea S.p.A. ("**Acea**" or the "**Issuer**") with respect to its €4,000,000,000 Euro Medium Term Note Programme (the "**Programme**"). Any reference in this Supplement to the Base Prospectus shall be to such Base Prospectus as supplemented by the First Supplement, unless the context otherwise requires.

This Supplement has been approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), which is the Luxembourg competent authority for the purpose of the Prospectus Regulation and any relevant implementing measures in Luxembourg.

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

This Supplement is supplemental to, and should be read and construed in conjunction with, the Base Prospectus. Terms defined in the Base Prospectus (but not herein) shall have the same meaning when used in this Supplement.

Save as disclosed in this Supplement (and in the documents incorporated by reference as described below), there has been no other significant new factor, material mistake or material inaccuracy relating to information included in the Base Prospectus.

This Supplement has been produced for the purpose of amending and supplementing the following sections of the Base Prospectus:

- Cover Page;
- Important Notices;
- Risk Factors;
- Information Incorporated by Reference;
- Form of Final Terms;
- Description of the Issuer;
- Taxation;
- Subscription and Sale; and
- General Information.

COVER PAGE

On the cover page of the Base Prospectus, the sixth paragraph is deleted in its entirety and replaced by the following:

"**EU BENCHMARKS REGULATION – Interest and/or other amounts payable under floating rate notes may be calculated by reference to either the Euro Interbank Offered Rate ("EURIBOR") or the London Interbank Offered Rate ("LIBOR"), as specified in the relevant Final Terms (as defined below). As at the date of this Base Prospectus, EURIBOR is provided and administered by the European Money Markets Institute ("EMMI"), and LIBOR is provided and administered by ICE Benchmark Administration Limited ("ICE"). At the date of this Base Prospectus, EMMI is authorised as benchmark administrator, and included on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("ESMA") pursuant to article 36 of the Benchmark Regulation (Regulation (EU) 2016/1011) (the "BMR"). As at the date of this Base Prospectus, ICE does not appear on the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 of the BMR. As far as the Issuer is aware, the transitional provisions in Article 51 of the BMR apply, such that ICE is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).**"

IMPORTANT NOTICES

1. On page 2 of the Base Prospectus, the paragraph under the heading "IMPORTANT – EEA and UK Retail Investors" is deleted in its entirety and replaced by the following:

"***IMPORTANT – EEA Retail Investors***

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

IMPORTANT – UK Retail Investors

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

2. On page 3 of the Base Prospectus, the following paragraphs are added before the paragraph entitled "*The Notes may not be a suitable investment for all investors*".

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

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

3. On pages 5 and 6 of the Base Prospectus, the paragraphs under the heading "*Alternative Performance Measures*" are deleted in their entirety and replaced by the following:

"**Alternative Performance Measures**

"In order to better evaluate Acea's financial information incorporated by reference in the Base Prospectus, management has identified several Alternative Performance Measures ("**APMs**").

Management believes that these APMs provide additional useful information for investors to analyse the Acea Group's financial position, financial performance and cash flows, because they may further facilitate the identification of significant operating trends and financial parameters.

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

In particular, the following APMs as defined in the ESMA APM Guidelines are used by the management of the Issuer to monitor the Acea Group's financial and operating performance and are disclosed in this Base Prospectus in the sections "*Risk Factors*", "*Description of the Issuer*" and in the 2019 Financial Statements, the 2018 Financial Statements, the Q1 2020 Press Release, the 2020 Consolidated Interim Financial Report and the Q3 2020 Interim Report (all of which are incorporated by reference into this Base Prospectus):

- for the Acea Group, the gross operating profit (or EBITDA) is a key operating performance indicator and, from 1 January 2014, includes the condensed result of equity investments in jointly controlled entities for which the consolidation method changed when international accounting standards for financial reporting IFRS 10 and IFRS 11 came into force. EBITDA is determined by adding the Operative Result to "Amortisation, depreciation, provisions and impairment", insofar as these are the main non-cash items;

- the net financial position is an indicator of the Acea Group's financial structure, the sum of Non-current borrowings and Financial liabilities (excluding payables arising as a result of certain acquisitions during the year 2019) net of Non-current financial assets (financial receivables excluding a part of receivables related to the application of IFRIC 12 by Acea and securities other than equity investments), Current borrowings and Other current financial liabilities net of Current financial assets (including the dividends to be paid to Roma Capitale) and Cash and cash equivalents;

- net invested capital is the sum of "Current assets", "Non-current assets" and "Assets and Liabilities held for sale", less "Current liabilities" and "Non-current liabilities", excluding items taken into account when calculating the net financial position; and

- net working capital is the sum of the current receivables, inventories, the net balance of other current assets and liabilities and current debts, excluding the items considered in calculating the net financial position.

It should be noted that:

i. the APMs are based exclusively on Acea data and are not indicative of future performance;

ii. the APMs are not prepared in accordance with IFRS and are not subject to audit; they are derived from the financial information of Acea for the relevant periods presented;

iii. the APMs are non-IFRS financial measures and are not recognised as measures of financial position, financial performance or liquidity under IFRS, and they should not be considered as substitutes to performance measures prepared in accordance with IFRS or any other generally accepted accounting principles; and

iv. the APMs should be read together with the financial statements of Acea for the relevant periods to which the APMs relate.

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

RISK FACTORS

1. On page 25 of the Base Prospectus, the risk factor entitled "*Risks related to the Business Plan*" is deleted and replaced with the following:

"***Risks related to the Business Plan***

On 27 October 2020, the board of directors of the Issuer approved a 2020-2024 business plan (the "**Business Plan**"), containing the strategic guidelines and economic and financial targets of the Group for the relevant period.

The Business Plan contains the Group's targets through to 2024 prepared on the basis of macroeconomic projections as of its approval date and strategic actions that need to be implemented. The Business Plan is based on numerous assumptions and hypotheses, some of which relate to events not fully under the control of the board of directors and management of the Issuer. In particular, the Business Plan contains a set of assumptions, estimates and predictions that are based on the occurrence of future events and actions to be taken by, inter alia, the board of directors of the Issuer, in the period from 2020 to 2024, which include, among other things, hypothetical assumptions of different natures subject to risks and uncertainties arising from the current economic environment, relating to future events and actions of directors and the management of the Issuer that may not necessarily occur, events, actions, and other assumptions including those related to the performance of the main economic and financial variables or other factors that affect their development over which the directors and management of the Issuer do not have, or have limited, control.

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

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

2. On pages 33 and 34 of the Base Prospectus, the risk factor entitled "*There can be no assurance that Notes issued as "Green Bonds" and the related use of proceeds will be suitable for the investment criteria of an investor seeking securities to be used for a particular purpose*" is deleted and replaced with the following:

"***There can be no assurance that Notes issued as "Green Bonds" and the related use of proceeds will be suitable for the investment criteria of an investor seeking securities to be used for a particular purpose***

If so specified in the relevant Final Terms, the Issuer may issue Notes described as "Green Bonds" for the purposes of financing and/or refinancing, in whole or in part, Eligible Green Projects (such term as defined in the "*Use of Proceeds*" section). In such circumstances, prospective investors should have regard to the information set out, or referred to, under the paragraph "*Reasons for the offer – Use of proceeds*" of the relevant Final Terms and must determine for themselves the relevance of such information, together with any other investigation such investors deem necessary, for the purpose of any investment in such Notes and its suitability also in light of their own circumstances. In particular, no assurance can be given that the use of such net proceeds for any Eligible Green Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether under any present or future applicable law or regulations or under its own bylaws or other governing rules or investment portfolio mandates.

In connection with the issue of "Green Bonds", the Issuer may request a specialised consulting firm or rating agency to issue a so-called second-party opinion confirming that the relevant "green" project expected to be

financed and/or refinanced by the net proceeds of the "Green Bonds" has been defined in accordance with the broad categorisation of eligibility for green projects set out in the "Green Bond Principles" ("**GBP**") published by the International Capital Market Association ("**ICMA**") and/or a second-party opinion regarding the suitability of the Notes as an investment in connection with certain environmental and sustainability projects (any such second-party opinion, a "**Second-party Opinion**"). A Second-party Opinion may not reflect the potential impact of all risks related to the structure, market, additional risk factors and other factors that may affect the value of the Notes or the projects financed or refinanced by the relevant net proceeds. A Second-party Opinion would not constitute a recommendation to buy, sell or hold the relevant "Green Bonds" and would only be current as of the date it is released. A withdrawal of the Second-party Opinion may affect the value of such "Green Bonds" and/or may have consequences for certain investors with portfolio mandates to invest in green or social assets. Furthermore, prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in the Notes.

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

While it is the intention of the Issuer to apply the net proceeds of Notes issued as "Green Bonds" so specified for Eligible Green Projects in, or substantially in, the manner described, or referred to, under the "Use of Proceeds" section and the paragraph "*Reasons for the offer – Use of proceeds*" of the relevant Final Terms, there can be no assurance that the relevant project(s) or use(s) the subject of, or related to, any Eligible Green Projects will be capable of being implemented in or substantially in such a manner and/or in accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such Eligible Green Projects.

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

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

INFORMATION INCORPORATED BY REFERENCE

The information set out below supplements the section of the Base Prospectus entitled "Information Incorporated by Reference" on pages 40, 41 and 42 of the Base Prospectus.

Acea: 2020 Consolidated Interim Financial Report and the accompanying auditors review report

The sections of the English translation of the unaudited consolidated interim financial report as at and for the six months ended 30 June 2020 (the "**2020 Consolidated Interim Financial Report**"), which has previously been published and has been filed with the CSSF, identified in the table below, shall be incorporated by reference into this Supplement and shall, by virtue of this Supplement, be deemed to be incorporated by reference in, and form part of, the Base Prospectus. The parts of the 2020 Consolidated Interim Financial Report not included in the cross-reference list above have not been incorporated by reference and are either not relevant for the investor or covered elsewhere in the Base Prospectus, as supplemented by this Supplement. The 2020 Consolidated Interim Financial Report is available at https://www.gruppo.acea.it/content/dam/acea-corporate/acea-foundation/pdf/en/company/investors/2020/reports/acea-2020-condensed-half-year-consolidated-financial-statements.pdf.

The auditors' limited review report in connection with the 2020 Consolidated Interim Financial Report, which has previously been published and has been filed with the CSSF, shall be incorporated by reference into this Supplement and shall, by virtue of this Supplement, be deemed to be incorporated by reference in, and form part of, the Base Prospectus. Such report is available at https://www.gruppo.acea.it/content/dam/acea-corporate/acea-foundation/pdf/en/company/investors/2020/reports/review-report-on-condensed-consolidated-interim-financial-statements.pdf.

The following table shows where specific items of information are contained in the 2020 Consolidated Interim Financial Report.

Document	Information incorporated	Page numbers
2020 Consolidated Interim Financial Report	*Summary of Results*	6-16
	Reference Context	17-51
	Trend of Operating Segments	52-84
	Consolidated Financial Statements – Form and Structure	102-103
	Consolidated Financial Statements – Consolidation Policies, Procedures and Scope	104-105
	Consolidated Financial Statements – Scope of Consolidation	106
	Consolidated Financial Statements – Accounting Standards and Measurement Criteria	107-108
	Consolidated Income Statement	109
	Quarterly Consolidated Income Statements	110
	Comprehensive Consolidated Income Statement	111
	Quarterly Comprehensive Consolidated Income Statements	111
	Consolidated Statement of Financial Position	112

Document	Information incorporated	Page numbers
	Consolidated Cash Flow Statement	113
	Consolidated Statement of Changes in Shareholders' Equity	114
	Notes to the Consolidated Income Statement	115-123
	Notes to the Consolidated Statement of Financial Position	124-140
	Commitments and Contingencies	141-147
	Service Concession Arrangements	148-156
	Related Party Transactions	157-158
	Update on Major Disputes and Litigation	159-168
	Annexes	169-181

Acea: Q3 2020 Interim Report

The sections of the English translation of the unaudited interim report on operations as of 30 September 2020 (the "**Q3 2020 Interim Report**"), which has previously been published and has been filed with the CSSF, identified in the table below shall be incorporated by reference into this Supplement and shall, by virtue of this Supplement, be deemed to be incorporated by reference in, and form part of, the Base Prospectus. The parts of the Q3 2020 Interim Report not included in the cross-reference list above have not been incorporated by reference and are either not relevant for the investor or covered elsewhere in the Base Prospectus, as supplemented by this Supplement. The Q3 2020 Interim Report is available at https://www.gruppo.acea.it/content/dam/acea-corporate/acea-foundation/pdf/en/company/investors/2020/reports/interim-report-on-operations-as-at-30-september-2020.pdf.

The following table shows where specific items of information are contained in the Q3 2020 Interim Report.

Document	Information incorporated	Page numbers
Q3 2020 Interim Report	*Summary of Results*	6-16
	Trend of Operating Segments	17-32
	Significant Events during the period and afterwards	34-44
	Consolidated Financial Statements – Form and Structure	46
	Consolidated Financial Statements – Consolidation Policies, Procedures and Scope	47-48
	Consolidated Financial Statements – Scope of Consolidation	49-51
	Consolidated Financial Statements – Accounting Standards and Measurement Criteria	52-53
	Consolidated Income Statement	54
	Quarterly Consolidated Income Statements	55
	Comprehensive Consolidated Income Statement	56

Document	Information incorporated	Page numbers
	Quarterly Comprehensive Consolidated Income Statements	56
	Consolidated Statement of Financial Position	57
	Consolidated Cash Flow Statement	58
	Consolidated Statement of Changes in Shareholders' Equity	59

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

In addition, this Supplement will be available in electronic form on Issuer's website at: https://www.gruppo.acea.it/en/investors/financial-structure/emtn-programme.

FORM OF FINAL TERMS

1. On page 86 of the Base Prospectus, the first paragraph is deleted in its entirety and replaced by the following:

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

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

2. On page 86 of the Base Prospectus, the following paragraph is added before the paragraph entitled "*Singapore Securities and Futures Act Product Classification*":

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

3. On page 100 of the Base Prospectus, item (iv) Prohibition of Sales to EEA or UK Retail Investors is deleted in its entirety and replaced by the following:

"(iv) Prohibition of Sales to EEA Retail Investors: [Applicable] / [Not Applicable]

(v) Prohibition of Sales to UK Retail Investors: [Applicable] / [Not Applicable]"

DESCRIPTION OF THE ISSUER

1. On pages 133 and 134 of the Base Prospectus, the section headed "*Strategy*" is deleted in its entirety and replaced as follows:

"**STRATEGY**

On 26 October 2020, the Board of Directors of Acea approved the 2020-2024 Business Plan (the "**Business Plan**") which supersedes the previous 2019-2022 business plan (the "**Previous Business Plan**") and was published on its website along with a press release summarising the main elements of such Business Plan.

The Business Plan, which is characterised by a strong focus on sustainability, sets out the main financial targets of the Group, which include:

- total capital expenditures of Euro 4.7 billion (including expenditure for extraordinary transactions) during the period 2020-2024, with a growth of approximately 700 million Euro compared to the Previous Business Plan;
- an increase in the regulated asset base from Euro 4.4 billion at the end of 2019, to Euro 5.3 billion at the end of 2022 and Euro 5.9 billion at the end of 2024; and
- a balanced evolution of the ratio between net financial position and regulated asset base, from 0.7x at the end of 2019, to 0.8x at the end of 2022 and 0.7x at the end of 2024.

The Business Plan, which builds on, and continues the actions provided under, the Previous Business Plan also includes a significant evolution of the Group's focus on sustainability, in particular the strong growth in the generation of electricity from renewable sources, in the photovoltaic business, and the commitment to electric mobility in order to effectively contribute more and more to energy transition and decarbonisation. These elements are reflected in the acronym "GRIDS" which summarizes the actionable levers on which the Group is focused: to deliver continued growth (Growth), to increase the development of renewables, including the installation of about 1000 domestic photovoltaic plants in 2024 (Renewables), to push on technological innovation also in industrial processes (Innovation), to achieve ambitious targets and exceed them (Delivery), with an approach that sees sustainable development as a cornerstone, in terms of an increasing focus on environmental impact and circular economy, including the introduction of more than 150 "Smart Comp." composters in 2024 (Sustainability).

Investments

The Business Plan provides for a target of Euro 4.7 billion in investments, approximately Euro 700 million higher than the Previous Business Plan, of which Euro 4.3 billion related to industrial capex, over 80% of which in regulated businesses, and Euro 0.4 billion related to extraordinary transactions. A major drive will be on innovation where, over the period covered by the Business Plan, Euro 615 million will be invested in selected projects mainly concerning digitalisation (including the development of a new Salesforce CRM platform and the introduction of a corporate data lake and a data-driven asset management) and the creation of systems for intelligent grids and service management.

The planned industrial capex initiatives are as follows:

- Euro 2.2 billion in the Water sector, including Euro 170 million for projects related to ensuring the water supply continuity of the Peschiera and Marcio aqueducts;
- Euro 1.3 billion in the Energy Infrastructure sector, of which Euro 145 million for upgrade investments in the power grid's resilience and Euro 155 million for development work on the power grid;
- Euro 0.2 billion for investments in organic growth of the Environment sector, as well as an additional amount of Euro 0.2 billion for extraordinary transactions, focused on waste recovery and treatment plants;
- Euro 0.2 billion in the Commercial & Trading sector, mainly for activities aimed at new customer acquisition, digitalisation and the development of smart service offerings;

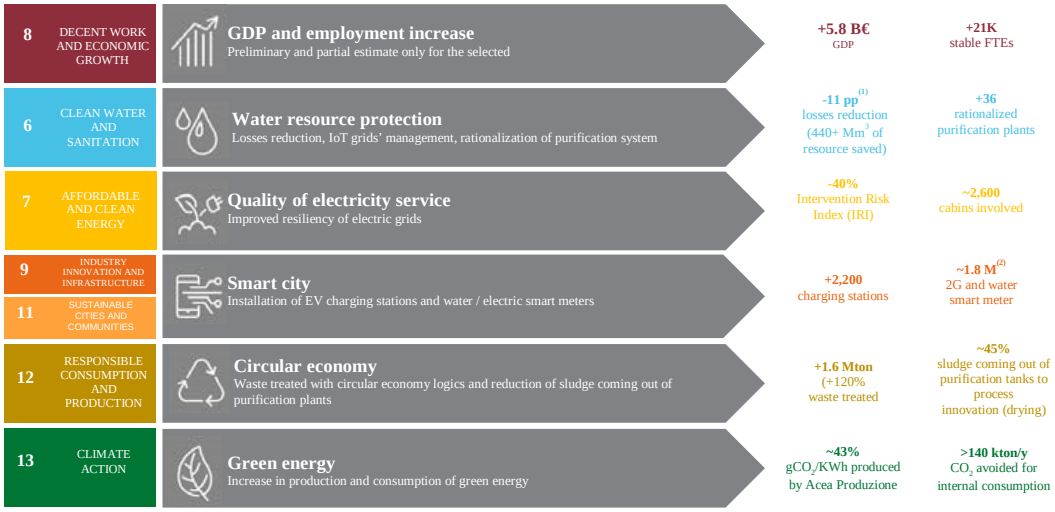
- Euro 0.1 billion in the electricity Generation business segment, plus a further Euro 170 million for extraordinary transactions to accelerate expansion of the photovoltaic plant portfolio; and
- Euro 0.3 billion in other investments mainly related to IT systems and other investments.

For additional information, see " – *Business segment actions*" below.

Focus on Sustainability

In accordance with the Business Plan, the Group's growth and value creation will be tied to the achievement of sustainability objectives, which are increasingly reflected in the performance indicators. Sustainability represents a characterising and structural element that guides the Group's business decisions and operational management. Such focus on sustainability is reflected in the Business Plan, as Euro 2.1 billion in capital expenditures (out of a total of Euro 4.7 billion, representing an increase of Euro 400 million (of which, more than Euro 180 million relate to the installation of smart water and electric meters, more than Euro 120 million relate to the efficiency and resiliency of electric grids and more than Euro 100 million relate to the improvement of the purification system) as compared to the Previous Business Plan) are related to specific sustainability targets, selected based on their priority and relevance for the Group. More specifically, these investments will be dedicated to the protection and management of water resources, through actions on the grid that are expected to deliver significant reductions in leaks corresponding to a targeted recovery of 440 million cubic metres of water over the Business Plan period.

The following graph provides for the Acea's new and more challenging targets pursued in the sustainability sector through the Business Plan, compared to those of the Previous Business Plan.



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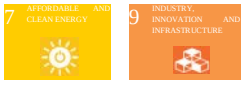
(1) Weighted average for the area.

(2) 1.3 million of meters related to the Energy Infrastructure business (ARETI) and 0.5 million meters related to the Water business.

The investments in sustainability will also include the contribution to the development of electric mobility, through the installation of more than 2,200 electric charging stations, and the fight against climate change, by increasing the electricity produced by photovoltaic plants.

Specifically, the following chart shows the split of the capital expenditure investments projected and the sustainable developments goals, related to the sustainability targets to be reached by Acea over the Business Plan.

Sustainable development goals	Capital expenditure in Euro/million	Sustainability targets of the Issuer over the Business Plan
	263	water losses reduction
	220	resiliency of Rome aqueduct system
	127	efficiency of purification system
	234	installation of smart meters for water and electricity
	492	resiliency and efficiency of electric grids
	58	infrastructure modernization and remote mgmt
	445[1]	circular economy treatment of waste
	29	e-mobility infrastructure
	212	increase of green energy generation

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[1] Including Euro 206 million of capital expenditure in M&A activities.

With regard to the sustainability ratings, in 2020 Acea recorded a score of "A-" from CDP Worldwide (formerly Carbon Disclosure Project), a not-for-profit charity organization running the global disclosure system for investors, companies, cities, states and regions to manage their environmental impacts. This result is in line with the one obtained in 2019, reconfirming Acea as a leader in this area. In addition, in 2020, the independent agency Standard Ethics gave Acea an EE- (investment grade) rating, out of F/EEE (non investment grade/full investment grade), and increased the long term expected from "stable" to "EE+. In addition, Acea's outlook changed from "stable" to "positive".

Business segment actions

With specific reference to each business segment of the Group, the Business Plan provides the following actions:

- **Water**: the expected growth in the Water sector is underpinned by an investment plan of Euro 2.2 billion, that will lead to a growth in the regulated asset base to Euro 3.2 billion by 2024, reflecting an increase of 45% as compared to the end of 2019. Acea, as Italy's leading water operator, intends to continue safeguarding the water resource by enhancing the quality and efficiency of the service offered in its geographical areas of operation, increasingly characterising itself as a "Smart Water Company" for the management of water resources in a sustainable and responsible manner. The main actions to be implemented during the Business Plan period will be related to ensuring the continuity of the city of Rome's water supply, with enhancements involving the Peschiera and Marcio aqueducts ensuring the water supply continuity, with an expected capital expenditure equal to Euro 170 million, the installation of an additional 500 thousand smart water meters and projects for the division of the grid into districts, the rationalisation of small water purification plants (with 36 rationalised plants) and their automation,

the on-going pursuit of water resource protection and a reduction of 11 pp[1] of water losses and the performance optimisation of the grids through a water management system (with -15 pp of incidence of failure). Acea will also evaluate opportunities for the growth and consolidation of the business by participating in new tenders in other territories.

- **Energy Infrastructure**: the expected growth in the Energy Infrastructure sector is underpinned by an investment plan of Euro 1.3 billion which will result in a regulated asset base of Euro 2.7 billion Euro as at the end of 2024, reflecting a growth of approximately 22% as compared to the end of 2019. Acea intends to strengthen its role as key player in the energy transition process via development projects aimed at satisfying the growing electricity demand and the integration of distributed generation within the delivery system. The initiatives that the Group intends to pursue in this area will involve the technological evolution of the grid, with digitalisation projects through remote control and IoT (Internet of Things) systems on private and public grids (equal to more than 60% MV/LV of cabins) and the installation of second-generation smart meters, with approximately 1.3 million of installed meters by the end of 2024. Investments will also continue to be deployed in the resilience and strengthening of the power grid, with upgrades on specific cabins rewarded with a premium compared to the reference WACC (with more than Euro 145 million of capital expenditure). Moreover, the Business Plan provides for the introduction of a new control center for the grids' management, with a capital expenditure of more than Euro 13 million, and for the development of the work on grids reflecting the new regulation on service continuity (including the recognition of a penalty for suspension), consisting of more than Euro 155 million of investments.

- **Generation**: the Group plans to invest an amount equal to Euro 0.2 billion during the Business Plan period, mainly in extraordinary transactions but also in the development of projects already included in the portfolio for (Euro 47 million). The plan foresees an increase in power generation from green sources to support the decarbonisation and energy transition processes. To achieve this goal, Acea intends to increase its portfolio with approximately 747 MW of installed photovoltaic plant capacity by the end of 2024, of which 569 megawatt from greenfield facilities in industrial and agricultural areas and 178 megawatt from extraordinary transactions, accelerating the photovoltaic portfolio growth. The growth envisaged in the Business Plan will also be enhanced by a partnership with financial investors, with a view to strengthening Acea's positioning in the sector, while maintaining a solid capital structure. Moreover, among the main initiatives in the Generation business segment, Acea intends to deconsolidate its photovoltaic stake in order to reduce its financial exposure (with approximately Euro 150 million of deconsolidation in the net financial position) and to increase its focus on photovoltaic investments, with the goal of becoming one of the main players in the sector. The new facilities will have an annual output at regime of over 1.3 TWh, corresponding to approximately 600 kt of avoided CO2 emissions.

- **Commercial and Trading**: the Group plans to reach customer base with free-market supply arrangements of 1.6 million, resulting in a 17% increase in the total customer base as compared to the end of 2019. In terms of commercial activities, the actions foreseen in the Business Plan envisage a growth at national level, with a particular focus on central and southern Italy (with more than 240 thousand customers, reporting a net growth compared to 2019), supported by the regulated market phase-out, and an acceleration in the use of digital channels, through the implementation of a new platform for the customer journey management, which will entail the digitization of more than 100 thousand customers compared to 2019. The commercial push will take place in a more competitive and challenging context driven by the expected full liberalisation of the electricity market from 2022, thanks to cross-selling and up-selling opportunities, resulting in the change to the free market for about 700 thousand consumers, that will represent a chance to enhance and consolidate the Company's position in the sector. Furthermore, Acea intends to boost the dual fuel penetration in the gas sector on the existing customer base, acquiring more than 80 thousand new gas customers compared to those in 2019. Acea will also focus on the offering of "Smart Services" to strengthen its relationship with customers through the provision of value added services, such as those associated with energy efficiency, to increase the Acea Group's brand franchise and to implement the installation of residential photovoltaic facilities and solar thermal plants (with approximately 1,000 plants installed by the end of 2024). A further boost will come from the e-mobility segment that will see over 2,200 charging stations installed by 2024 and from

[1] Weighted average for the area, equal to 440+ Mm^3 of saved water over the Business Plan.

the introduction of more than 150 "Smart Comp" composters by the end of 2024, to be managed remotely through an IoT (Internet of Things) platform developed by Acea. Finally, Acea intends to push on energy efficiencies services, leveraging on opportunities from fiscal incentives, covering more than 100 condominiums by the end of 2024.

- **Environment**: the growth in the Environment sector will be supported by investments totalling Euro 0.4 billion, of which Euro 0.2 billion related to extraordinary transactions. The growth will mainly be driven by the market consolidation towards the strengthening of the Waste-to-Material (WtM) chain, with a circular economy (also with a "one-stop-shop" approach, aimed at adding more than 0.6 Mt/y of capacity by 2024) and integration of the acquired companies and the development of new M&A initiatives, which will drive an increase in the volumes of waste treated by the Group, which is expected to reach 2.9 million tons by 2024. Acea intends to create value from the post-merger integration of acquired companies and the development of industrial synergies through an operating model commissioning and a control system integration (with more than 15 plants by 2024). The development of the business area will be focused on strengthening the waste recovery cycle, especially in Central Italy, in coherence with the circular economy development objectives, positioning the Group, in particular, as a key player in the processing and recycling of paper and plastic waste. This will lead to a further development in the special waste segment, promoting synergies with the Water (*e.g.* sludge) and the WtE (*e.g.* ashes) segments, with more than 0.5 Mt/a of added capacity by the end of 2024. Therefore, the "core business" of Acea in this business segment will result in the consolidation of energy recovery (WtE), in the disposal treatment of non-separated waste and in the disposal / treatment of organic waste (with more than 0.5 Mt/a of added capacity by the end of 2024).

- **Engineering & Services**: the Group plans to implement the Engineering & Services segment through the development of a building oriented company, tasked with a turnkey management of construction and engineering activities, and through the end-to-end management of investments, reducing the execution times and strengthening the laboratory activities. In particular, this will result in the development of a commercial unit supporting the growth and of a research center. Moreover, Acea plans to improve its performance (gaining more than 20% of insourcing margin as general contractor) reducing unitary costs related to Servizio Idrico Integrato S.c.P.A. ("**SII**") and to construct plants through the internalisation of construction activities with an EPC (with more than Euro 440 million of realised plants by 2024). Finally, with the integration of the acquisition of Simam and a focus on core engineering activities, Acea expects to achieve an EBITDA of more than Euro 10 million in 2024.

Additional Strategic Opportunities

Thanks to its solid financial and capital structure, the Group expects to be able to pursue additional strategic opportunities that will further consolidate its position in the areas where it is already present, in line with the market trends of the sector."

2. The following paragraphs are included at the end of the section entitled "*Material Contracts – Main Long Term Financing Agreements and back-up facilities*" starting on page 147 of the Base Prospectus.

"On 30 July 2020, the European Investment Bank granted to the Issuer a Euro 250,000,000 amortising unsecured loan with three years of commitment period. The loan is currently undrawn.

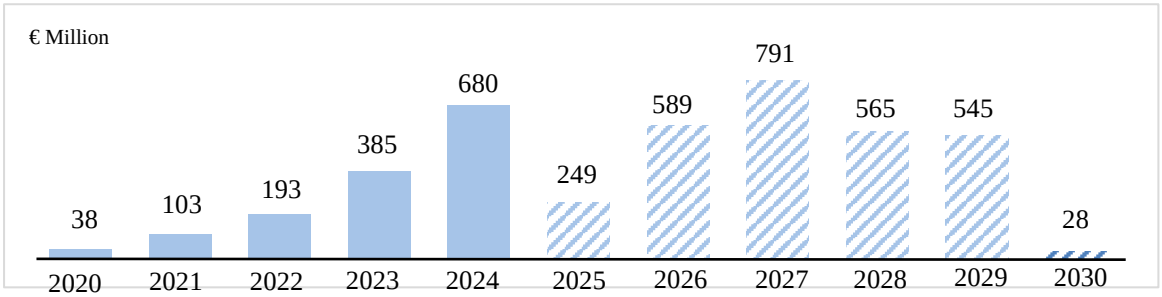
On 31 July 2020, Cassa Depositi e Prestiti S.p.A. granted to the Issuer a Euro 150,000,000 unsecured committed revolving credit facility, maturing on 31 July 2023. The facility is currently undrawn.

On 29 September 2020, Unicredit S.p.A. granted to the Issuer a Euro 200,000,000 unsecured committed revolving credit facility, maturing on 29 September 2023. The facility is currently undrawn.

The above agreements entered into by Acea contain broadly market standard (LMA and/or EIB) provisions.

On 16 November 2020, a Euro 30 million long-term structured finance transaction was signed in favour of SII. In particular, a loan equal to Euro 20 million was granted by Banca Nazionale del Lavoro S.p.A. and UBI Banca S.p.A., whereas a loan of Euro 10 million was granted by Umbriadue Servizi Idrici S.c.a.r.l. ("**Umbriadue**").

The chart below shows the Acea's maturity debt schedule in respect of its indebtedness as of 30 September 2020.



"

3. The following paragraphs are included at the end of the section entitled "*Recent Developments*" starting on page 148 of the Base Prospectus.

"**Ratings**

On 14 January 2021, Fitch Ratings affirmed Acea's Long-Term Issuer Default Rating (IDR) at "BBB+" with a "Stable" outlook and the Short-Term IDR at "F2". The LongTerm Senior Unsecured Rating has also been affirmed at "BBB+".

The affirmation reflects the Group's strategic focus on regulated businesses, its positive track record for operational performance and healthy liquidity position. These factors offset the increase in debt linked to planned investment in innovation and sustainability under the Business Plan.

Acquisition of an equity holding in Servizio Idrico Integrato S.c.P.A.

On 16 November 2020, Umbriadue, a company owned by Acea and actually holding 40% of the share capital in SII, entered into an agreement with ASM Terni S.p.A. for the acquisition of an equity holding of 15% of the share capital of SII. The increase in the equity holding, together with certain amendments to the articles of association of SII, enables the full consolidation of such company in the Acea's financial statements."

TAXATION

Starting on page 227 to page 239 of the Base Prospectus, the section entitled "*Taxation* " is entirely deleted and replaced as follows:

"TAXATION

The following is a general description of certain Italian, US, Luxembourg and EU tax considerations relating to the Notes. They apply to a holder of Notes only if such holder purchases its Notes under this Programme. It is a general summary related to certain categories of investors in the Notes and it does not cover other matters and all categories of investors in the Notes and it does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. It does not discuss every aspect of taxation that may be relevant to a holder of Notes if such holder is subject to special circumstances or if such holder is subject to special treatment under applicable law. Furthermore, it does not cover the tax regime of notes similar to shares. This summary assumes that the Issuer is resident only in Italy for tax purposes (without a permanent establishment abroad) and that the Issuer is a company listed on the Italian Stock Exchange and is organised (and its business will be conducted) as outlined in this Base Prospectus. Changes in the Issuer's tax residence, organisational structure or in the manner in which the Issuer conducts its business may invalidate this summary.

Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries.

This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date which changes could be made on a retroactive basis. The issuer will not update this summary to reflect changes in laws and if any such changes occur the information in this summary could become invalid.

Taxation in the Republic of Italy

Tax treatment of the Notes

Legislative Decree No. 239 of 1 April 1996, as subsequently amended ("**Decree 239**") provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between repayment amount and the issue price) from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*), issued, *inter alia*, (i) by public entities transformed in limited companies, pursuant to specific law provisions and (ii) by company listed in a regulated market.

Decree 239 applies, *inter alia*, provided that:

(i) interest, premium and other income relating to notes are not entirely linked to the economic performance of the Issuer or of other companies belonging to the same group as the Issuer or of the business in relation to which the Notes have been issued;

(ii) bonds and debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at redemption, an amount not lower than their nominal value and which do not grant the holder any direct or indirect right of participation to (or of control of) to management of the Issuer or of the business in relation to which they have been issued.

Italian resident Noteholders

Where the Italian resident Noteholder is (a) an individual not engaged in an entrepreneurial activity to which the relevant Notes are connected; (b) a non commercial partnership; (c) a non commercial private or public institution; or (d) an investor exempt from Italian corporate income taxation (unless the Noteholders under (a), (b), or (c) opted for the application of the "***risparmio gestito***" regime — see under "*Capital gains tax*", below), interest, premium and other income relating to the Notes, paid, are subject to a substitute tax, referred to as *imposta sostitutiva*, levied at the rate of 26 per cent. In the event that Noteholders described

under (a) and (c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax and may be deducted from the taxation on income due.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relating to the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of Law No. 232 of 11 December 2016 (the "**Finance Act 2017**"), or in Article 1(211-215) of Law no. 145 of 30 December 2018 (the "**Finance Act 2019**"), or in Article 13-bis of Decree-Law no. 124 of 26 October 2019 (the "**Tax Decree 2019**") and Ministerial Decree of 30 April 2019, as subsequently amended (lastly by Article 68 of Law Decree No. 104 of 14 August 2020), depending on the date of incorporation of the relevant "*piano di risparmio a lungo termine*".

Where an Italian resident Noteholder is a company or similar commercial entity (including commercial trusts) or a permanent establishment in Italy of a foreign company to which the Notes are effectively connected and the Notes are deposited with an authorised intermediary, interest, premium and other income from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate income taxation (and, in certain circumstances, depending on the "status" of the Noteholder, also to the regional tax on productive activities ("**IRAP**").

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001 ("**Decree 351**"), as clarified by the Italian Revenue Agency (*Agenzia delle Entrate*) through Circular No. 47/E of 8 August 2003 and Circular No. 11/E of 28 March 2012, payments of interest, premiums or other proceeds in respect of the notes made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 14-*bis* of Law No. 86 of 25 January 1994 and Italian Real Estate SICAFs ("**Real Estate SICAFs**") (*"Società di investimento a capitale fisso"*) are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of a real estate fund, but subsequent distributions made in favour of unitholders or shareholders are subject, in certain circumstances, to a withholding tax of 26 per cent. Furthermore, under some conditions, incomes realised by the real estate funds are subject to taxation in the hands of unitholders or shareholders regardless of the distribution of the proceeds.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund or a SICAF (*"Società d'investimento a capital fisso"*) or a SICAV (*"Società di investimento a capitale variabile"*) established in Italy and either (i) the fund, the SICAF or the SICAV or (ii) their manager is subject to the supervision of a regulatory authority (the "**Italian Fund**"), and the relevant Notes are held by an authorised intermediary, interest, premium and other income accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Italian Fund. The Italian Fund will not be subject to taxation on such results but a substitute tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the "**Collective Investment Fund Substitute Tax**"), with certain adjustments.

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax.

Subject to certain limitations and requirements (including a minimum holding period), Italian pension funds and social security institutions, regulated under Legislative Decree No. 509 of 30 June 1994, and Legislative Decree No. 103 of 10 February 1996, may be exempt from any income taxation, on interest, premium and other income relating to the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of the Finance Act 2017 or in Article 1(211-2015) of the Finance Act 2019, or in Article 13-bis of Decree-Law no. 124 of 26 October 2019 (the "**Tax Decree 2019**") and Ministerial Decree of 30 April 2019, as subsequently amended

(lastly by Article 68 of Law Decree No. 104 of 14 August 2020), depending on the date of incorporation of the relevant "*piano di risparmio a lungo termine*".

Furthermore, subject to certain limitations and requirements (including a minimum holding period), Italian pension funds and social security institutions regulated under Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996, may be exempt from any income taxation on distribution made by certain collective investment funds which mainly invest in specific qualified assets and hold (not mainly) notes. Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree 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) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Noteholder.

Non Italian tax resident Noteholders

Where the Noteholder is a non Italian tax resident, without a permanent establishment in Italy to which the Notes are connected, an exemption from the *imposta sostitutiva* applies provided that the non Italian tax resident beneficial owner is either

(a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy (the "**White List States**") as listed in the Italian Ministerial Decree dated 4 September 1996 as recently amended by Italian Ministerial Decree dated 23 March 2017, and as amended from time to time periodically according to Article 11(4)(c) of Decree 239 as amended by Legislative Decree No. 147 of September 2015; or

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

(c) a Central bank or an entity which manages, inter alia, the official reserves of a foreign State; or

(d) an institutional investor which is established in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of establishment.

In order to ensure gross payment, certain procedural requirements must be satisfied. In brief, non resident investors must be the beneficial owners of payments of interest, premium or other income and (a) deposit, directly or indirectly, the Notes with a bank or a SIM or a permanent establishment in Italy of a non resident bank or SIM or with a non resident operator of a clearing system having appointed as its agent in Italy for the purposes of Decree 239 a resident bank or SIM or a permanent establishment in Italy or a non resident bank or SIM which are in contact via computer with the Ministry of Economy and Finance and (b) timely file with the relevant depositary a statement of the relevant Noteholder, to be provided only once, until revoked or withdrawn, in which the Noteholder declares to be eligible to (and requires) benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy or in the case of foreign Central Banks or entities which manage the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree 12 December 2001. In any case specific procedures shall have to be verified on a case by case basis.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. to interest, premium or other income paid to Noteholders who do not qualify for the exemption.

Noteholders who are subject to the substitute tax might, nevertheless, be eligible for a total or partial relief under an applicable tax treaty between the Republic of Italy and the country of residence of the relevant Noteholder.

Furthermore, on 7 June 2017, over 70 states signed the Multilateral Convention to implement tax treaty related measures to prevent base erosion and profit shifting.

Atypical Securities

Any proceeds relating to Notes that are not deemed to be bonds (*obbligazioni*), debentures similar to bonds (*titoli similari alle obbligazioni*), shares or securities similar to shares pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986 may be subject to a withholding tax, levied at the rate of 26 per cent.

Where the Noteholder is (a) an Italian individual engaged in an entrepreneurial activity to which the Notes are connected, (b) an Italian company or a similar Italian commercial entity, (c) a permanent establishment in Italy of a foreign entity, (d) an Italian commercial partnership or (e) an Italian commercial private or public institution, such withholding tax is a provisional withholding tax. In all other cases, including when the Noteholder is a non Italian resident, the withholding tax is a final withholding tax. For non Italian resident Noteholders, the withholding tax rate may be reduced by any applicable tax treaty.

Capital gains tax

Any gain obtained from the sale or transfer or redemption of the Notes if realised (i) by an Italian company or (ii) a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Notes are connected) or (iii) Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected, would be treated as part of the taxable income subject to corporation tax (IRES) generally applied at a rate equal to 24% - (save for the cases in which the additional IRES rate equal to 10,5% applies). In certain cases, (depending on the status of the Noteholder), capital gains are also included in the taxable net value of production of Italian resident corporate entities (including a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected) for IRAP purposes, generally applying at 3.9% rate (depending on the activity performed and where the latter is carried out). The gains are calculated as the difference between the sale price and the relevant tax basis of the Notes. Upon fulfilment of certain conditions, the gains may be taxed in equal instalments over up to five fiscal years for IRES purposes.

Where an Italian resident Noteholder is (i) an individual not holding the Notes in connection with an entrepreneurial activity; (ii) a non commercial partnership; (iii) a non commercial private or public institution, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 26 per cent. pursuant to the provisions set forth by the Legislative Decree of the 21 November 1997, No. 461 ("**Decree 461**").

For the purposes of determining the taxable capital gain, any interest on the Notes accrued and unpaid up to the time of, respectively, the purchase and the sale of the Notes must be deducted both from the purchase price and the sale price.

In respect of the application of the *imposta sostitutiva*, Noteholders under (i) to (iii) just above, under certain conditions, may opt for one of the three regimes described below.

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for the relevant Noteholders, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the relevant Noteholders pursuant to all sales or transfer or redemptions of the Notes carried out during any given tax year. Relevant Noteholders must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, relevant Noteholders may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the relevant Notes (the "***risparmio***

amministrato" regime). Such separate taxation of capital gains is allowed subject to (i) Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries (including permanent establishments in Italy of foreign intermediaries); and (ii) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder. The depository is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or transfer or redemption of Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or transfer or redemption of Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in its annual tax return.

Any capital gains realised by relevant Noteholders who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so called "***risparmio gestito***" regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Under the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in its annual tax return.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity may be exempt from Italian capital gain taxes, including the *imposta sostitutiva*, on capital gains realised upon sale or redemption of the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in Article 1(100-114) of the Finance Act 2017 or in Article 1(211–215) of the Finance Act 2019, or in Article 13-bis of Decree-Law no. 124 of 26 October 2019 (the "**Tax Decree 2019**") and Ministerial Decree of 30 April 2019, as subsequently amended (lastly by Article 68 of Law Decree No. 104 of 14 August 2020), depending on the date of incorporation of the relevant "*piano di risparmio a lungo termine*". According to article 1(221-226) of Finance Act 2020 (Law No. 178 of 30 December 2020), under some conditions, capital losses realised upon sale or redemption of the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets specific requirements, give rise to a tax credit amounting to the lower of the capital losses and the 20% of the amount invested in the long-term saving accounts (*piano di risparmio a lungo termine*).

Any capital gains realised by a Noteholder which is an Italian Fund will not be subject to *imposta sostitutiva*, but will be included in the result of the relevant portfolio. Such result will not be taxed with the Italian Fund, but subsequent distributions in favour of unitholders or shareholders may be subject to the Collective Investment Fund Substitute Tax (with certain adjustments).

Any capital gains realised by a Noteholder which is an Italian pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 20 per cent. substitute tax.

Subject to certain limitations and requirements (including a minimum holding period), Italian pension funds and social security institutions regulated under Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996, may be exempt from any income taxation, on interest, premium and other income relating to the Notes if the Notes are included in a long-term savings account (*piano di risparmio a lungo termine*) that meets the requirements set forth in the Finance Act 2017 or in the Finance Act 2019 and Ministerial Decree of 30 April 2019, or in Article 13-bis of Decree-Law no. 124 of 26 October 2019 (the "**Tax Decree 2019**") as subsequently amended (lastly by Article 68 of Law Decree No. 104 of 14 August 2020), depending on the date of incorporation of the relevant "*piano di risparmio a lungo termine*".

Furthermore, subject to certain limitations and requirements (including a minimum holding period), Italian pension funds and social security institutions regulated under Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996, may be exempt from any income taxation on

distribution made by certain collective investment funds which mainly invests in specific qualified assets and hold (not mainly) notes.

Any capital gains realised by Italian resident real estate fund and the Real Estate SICAFs to which the provisions of Decree 351, as subsequently amended, apply will be subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate fund or Real Estate SICAFs.

Capital gains realised by non Italian resident Noteholders from the sale, early redemption or redemption of Notes issued by an Italian resident Issuer are not subject to Italian taxation, provided that the Notes are traded on regulated markets.

Capital gains realised by non Italian resident Noteholders from the sale, early redemption or redemption of Notes not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary: (a) is resident in a country which allows for a satisfactory exchange of information with Italy; or (b) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (c) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) is an institutional investor which is established in a country which allows for a satisfactory exchange of information with Italy, even if it does not possess the status of a taxpayer in its own country of establishment.

If none of the conditions above are met, capital gains realised by non Italian resident Noteholders from the sale or transfer or redemption of Notes issued by an Italian resident Issuer are subject to the *imposta sostitutiva* at the current rate of 26 per cent.

In any event, non Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are connected, that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale, early redemption or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale, early redemption or redemption of Notes.

Inheritance and gift taxes

Pursuant to Law Decree No. 262 of 3 October 2006, converted into Law No. 286 of 24 November 2006, the transfers of any valuable asset (including shares, bonds or other securities) as a result of death or donation are taxed as follows:

(a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding, for each beneficiary, €1,000,000;

(b) transfers in favour of relatives to the fourth degree or relatives in law to the third degree, are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the entire value of the inheritance or the gift. Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, €100,000; and

(c) any other transfer is, in principle, subject to an inheritance and gift tax applied at a rate of 8 per cent. on the entire value of the inheritance or the gift.

If the transfer is made in favour of persons with severe disabilities, the tax is levied at the rate mentioned above in (a), (b) and (c) on the value exceeding, for each beneficiary, €1,500,000.

A particular regime could be applicable in relation to the indirect donation ("*liberalità indirette*").

Moreover, Law No. 112 of 24 June 2016 provides some specific reliefs for contribution in trust incorporated in favour of persons with severe disabilities.

Transfer tax

Following the repeal of the Italian transfer tax, contracts relating to the transfer of securities are subject to the following registration tax: (i) public deeds and notarised deeds are subject to fixed registration tax at a lump sum of €200.00; (ii) private deeds are subject to registration tax only in case of use or voluntary registration.

Stamp duty (*bollo*)

Pursuant to Article 13 of the Tariff attached to Presidential Decree No. 642 of 26 October 1972 ("**Decree 642**"), a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients for the Notes deposited therewith and in any case once per year. As of 1 January 2014, the stamp duty applies at a rate of 0.2 per cent. and, for taxpayers different from individual, cannot exceed €14,000; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Notes held. Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a "client" (as defined in the regulations issued by the Bank of Italy on 9 February 2011) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

Wealth Tax on securities deposited abroad (IVAFE)

According to the provisions set forth by Law No. 214 of 22 December 2011, as amended and supplemented (lastly by Article 136 of Law Decree No. 34 of 19 May 2020), individuals, non- profit entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Presidential Decree No. 917 of 22 December 1986) resident in Italy for tax purposes holding the Notes outside the Italian territory are required to pay an additional tax at a rate of 0.2 per cent. (for taxpayers different from individual, cannot exceed €14,000). In this case the above mentioned stamp duty provided for by Article 13 of the Tariff attached to Decree 642 does not apply.

This tax is calculated on the market value of the Notes at the end of the relevant year or – if no market value figure is available – the nominal value or the redemption value of such financial assets held outside the Italian territory. Taxpayers are entitled to an Italian tax credit equivalent to the amount of wealth taxes paid in the State where the financial assets are held (up to an amount equal to the Italian wealth tax due).

Are excluded from the scope of the Wealth Tax the financial assets held abroad if administered by Italian financial intermediaries pursuant to an administration agreement. In this case, the above mentioned stamp duty provided for by Article 13 of the Tariff attached to Decree 642 does apply.

Tax monitoring obligations

According to the Law Decree No. 167 of 28 June 1990, converted with amendments into Law No. 227 of 4 August 1990, as amended from time to time, individuals, non-profit entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Presidential Decree No. 917 of 22 December 1986) resident in Italy for tax purposes, under certain conditions, are required to report for tax monitoring purposes in their yearly income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return) the amount of investments (including the Notes) directly or indirectly held abroad.

The requirement applies also where the persons above, being not the direct holder of the financial instruments, are the actual owner of the instrument.

Furthermore, the above reporting requirement is not required to comply with respect to: (i) Notes deposited for management with qualified Italian financial intermediaries; (ii) contracts entered into through the intervention of qualified Italian financial intermediaries, upon condition that the items of income derived from the Notes have been subject to tax by the same intermediaries.

EU Savings Tax Directive and exchange of information regime

On 10 November 2015, the Council of the European Union adopted a Council Directive (EU) 2015/2060 of 10 November 2015, which repeals (from 1 January 2017 in the case of Austria and from 1 January 2016 in

the case of all other EU Member States) the EC Council Directive 2003/48/EC on the taxation of savings income (the "EU Savings Tax Directive") in order to prevent overlap between the EU Savings Directive and a new automatic exchange of information regime provided by Council Directive 2011/16/EU as amended by Council Directive 2014/107/EU ("**Amending Directive**").

Under EU Savings Tax Directive Member States were required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entity known as "residual entities" as defined in article 4.2 of the EU Savings Tax Directive established in that other Member State.

A number of non EU countries, and certain dependent or associated territories of certain Member States, have adopted similar measures (either provision of information or transitional withholding) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident or certain limited types of entity established in a Member State. In addition, the Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident or certain limited types of entity established in one of those territories. Furthermore, the EU and Switzerland, entered into an agreement for exchange of information as of 1 January 2017.

In particular, on 24 March 2014, the Council of the European Union formally adopted the Amending Directive which has amended the Council Directive 2011/16/EU in accordance with the Global Standard released by Organization for Economic Co-operation and Development in July 2014 (Common Reporting Standard). Member States had until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive. The changes made under the Amending Directive include extending the scope of the EU Savings Tax Directive to payments made to, or collected for, certain other entities and legal arrangements. They also broaden the definition of "interest payment" to cover income that is equivalent to interest.

Implementation in Italy of the Amending Directive and exchange of information

Article 28 of Law 7 July 2016, No. 122 (published on the Italian Official Gazette 8 July 2016, No. 158 and in force as of 23 July 2016) as of 1 January 2016, repeals the Legislative Decree No. 84 of 18 April 2005 ("**Decree 84**") which implemented in Italy the EU Savings Directive. Such law also set forth some specific rules governing the transitional period.

Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualified as beneficial owners of the interest payment and were resident for tax purposes in another Member State, Italian qualified paying agents had to report to the Italian tax authorities details of the relevant payments and personal information on the individual beneficial owner and had not to apply the withholding tax. Such information was transmitted by the Italian tax authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

On 9 July 2015, the Italian Parliament adopted Law No. 114, which delegates the Italian Government to implement in Italy, certain EU Directives, including the Amending Directive, by January 1, 2016.

Such Law delegates the Italian Government to implement in Italy the Amending Directive, which is aimed at broadening the intra-EU automatic exchange of information, in order to fight cross-border tax fraud and evasion.

With Ministerial Decree 28 December 2015 (published on the Italian Official Gazette 31 December 2015, No. 303) Italy has implemented the Amending Directive as of 1 January 2016. In this respect, the Ministerial Decree 24 April 2018 (published on the Official Gazette No. 104 of 7 May 2018) amended the Ministerial Decree 28 December 2015, updating the list of (i) jurisdictions that are object of automatic exchange of information and of (ii) jurisdictions with which such exchange takes place ("*giurisdizioni partecipanti*").

Furthermore, Italy entered into several agreements for exchange of information also with non EU countries.

Investors should consult their professional advisers also on this respect.

The proposed financial transactions tax ("FTT")

The European Commission has published a proposal for a Directive for a common FTT in Belgium, Germany, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The proposed FTT has very broad scope and could, if introduced in its current form, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

The FTT proposal remains subject to negotiation between the participating Member States and is the subject of legal challenge. It may therefore be altered prior to any implementation, the timing of which remains unclear.

According to what reported the Note No. 15082/18 released on December 6, 2018, Council of the European Union clarified that at the High-Level Working Party on tax question, participating Member States indicated that they are evaluating the impact of the latest international developments and possible options, in particular as far as FTT revenue expectations are concerned.

On December 9, 2019, the German Finance Minister, Olaf Scholz, issued a revised proposal for a Council Directive regarding the introduction of a common FTT to the participating Member States in the so-called enhanced cooperation procedure. According to specialised press release the revised proposal should include an optional exemption for pension schemes and a new system for mutualization of the FTT revenues. Moreover further exclusions are under discussion.

Additional EU Member States may decide to participate. Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non U.S. financial institution (a "**foreign financial institution**", or "**FFI**" (as defined by FATCA)) that does not become a "Participating FFI" by entering into an agreement with the U.S. Internal Revenue Service ("**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "**United States Account**" of the Issuer (a "**Recalcitrant Holder**"). The Issuer does not expect to be classified as an FFI that is subject to withholding under FATCA.

The FATCA regime is now in effect and will apply to "**foreign passthru payments**" (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or after the "**grandfathering date**", which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued before the grandfathering date, and additional Notes of the same series are issued on or after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "**Model 1**" and "**Model 2**" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a "**Reporting FI**" not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being "**FATCA Withholding**") from payments it makes (unless it has agreed to do so under the U.S. "**qualified intermediary**," "**withholding foreign partnership**," or "**withholding foreign trust**" regimes). The Model 2 IGA leaves open the possibility that a Reporting FI might in the future be required to withhold as a Participating FFI on foreign passthru payments and payments that it makes to Recalcitrant Holders. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and Italy have entered into an agreement (the "**US Italy IGA**") based largely on the Model 1 IGA on 10 January 2014. Nevertheless the full impact of such an agreement on the Issuer and the Issuer's reporting and withholding responsibilities under FATCA is – at this stage – not completely clear.

While not expected, if the Issuer is treated as an FFI that is subject to withholding under FATCA, the Issuer would expect to be treated as a Reporting FI pursuant to the US Italy IGA and does not anticipate being obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. Accordingly, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

If an amount in respect of FATCA Withholding were to be deducted or withheld from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

Whilst the Notes are in global form and held within the clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent, the depositary, common depositary or common safekeeper, given that each of the entities in the payment chain beginning with the Issuer and ending with the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non FATCA compliant holder could be subject to FATCA Withholding. However, definitive notes will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form.

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER."

SUBSCRIPTION AND SALE

1. On page 241 of the Base Prospectus, the section entitled "*Prohibition of Sales to EEA and UK Retail Investors*" is deleted in its entirety and replaced as follows:

"**Prohibition of Sales to EEA Retail Investors**

Unless the Final Terms in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms (or are the subject of the offering contemplated by a Drawdown Prospectus) in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

(ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, 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."

2. On pages 241 and 242 of the Base Prospectus, the following paragraphs are added under the heading "*United Kingdom*":

"*Prohibition of sales to UK Retail Investors*

Unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms (or are the subject of the offering contemplated by a Drawdown Prospectus) in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision the expression retail investor means a person who is one (or more) of the following:

(i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (EUWA); or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA."

GENERAL INFORMATION

On page 245 of the Base Prospectus, the paragraph headed "Significant/Material Change" is deleted in its entirety and replaced as follows:

"**Significant / Material Change**

Save as described in the Q3 2020 Interim Report, since 31 December 2019 there has been no material adverse change in the prospects of the Issuer or the Group, nor since 30 September 2020 has there been any significant change in the financial performance or position of the Issuer or the Group."

* * *

To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus, as amended by this Supplement, and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

The Issuer will provide, without charge, to each person to whom a copy of this Supplement has been delivered, upon the written or oral request of such person, a copy of the documents incorporated by reference in this Supplement. Written or oral requests for such information should be directed to the specified office of the Fiscal Agent (see page 250 of the Base Prospectus) or the specified office of the Fiscal Agent in Luxembourg (see page 250 of the Base Prospectus).

Copies of the Base Prospectus and this Supplement, together with the documents incorporated by reference in this Supplement, incorporated by reference herein in its entirety, are available on the website of the Luxembourg Stock Exchange (www.bourse.lu) and on the Issuer's website (https://www.gruppo.acea.it/en).