ALIA SERVIZI AMBIENTALI S.p.A.

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

Euro 90,000,000 Senior Unsecured Floating Rate Notes due 23 February 2028

Alia Servizi Ambientali S.p.A. (the "**Issuer**" or the "**Company**") is expected to issue the Euro 90,000,000 Senior Unsecured Floating Rate Notes due 23 February 2028 (the "**Notes**") on 23 February 2022 (the "**Issue Date**"). The issue price of the Notes is 100% (one hundred per cent.) of their principal amount. The Notes will bear interest from and including the Issue Date at the rate of EURIBOR plus 2.60%, payable in arrears on each Interest Payment Date (each term as defined in the terms and conditions of the Notes (the "**Conditions**")), all as fully described in *"Terms and Conditions of the Notes – Interest"*. Interest payments to certain Noteholders may be subject to Italian substitute tax (*imposta sostitutiva*) as detailed in section *"Taxation"*.

Unless previously redeemed or purchased and cancelled, the Notes will be redeemed in at their principal amount outstanding together with any accrued and unpaid interest, on 23 February 2028 (the "**Maturity Date**"). The Notes may be redeemed, in whole but not in part, at the option of the Issuer, at 100% (one hundred per cent.) of their principal amount outstanding together with any accrued and unpaid interest, if any, to the date fixed for redemption in the event of certain changes affecting taxation in the Republic of Italy (see Condition 7.2 (*Redemption for Taxation Reasons*)). In addition, the Notes may be redeemed at the option of the Issuer, in whole but not in part, with effect from any date from the First Call Date (as defined in the Conditions) at a price equal to (i) 102% of the principal amount outstanding as at such date, together with the interest accrued and not paid at such date if the redemption occurs in the period starting from (and including) the First Call Date until (and excluding) the Second Call Date (as defined in the Conditions) and (ii) 100% of the principal amount outstanding as at such date, together with the interest accrued and not paid at such date if the redemption occurs in the period starting from (and including) the Second Call Date until (and excluding) the Maturity Date, all as fully described in Condition 7.3 (*Redemption at the option of the Issuer*). In addition, following the occurrence of a Put Event (as defined in the Conditions), the Noteholders will be entitled to request the Issuer to repurchase such Notes, in whole or in part, at 100 per cent. of their principal amount outstanding together with any accrued and unpaid interest (if any), all as fully described in Condition 7.4 (*Put Option*).

The Notes constitute *obbligazioni* pursuant to articles 2410 et seq. of the Italian Civil Code. The Notes, and any non-contractual obligations arising out of or in connection therewith, will be governed by Italian law. The Issuer's obligations under the Notes will constitute direct, unconditional and unsecured obligations of the Issuer, ranking *pari passu* without any preference among themselves and (subject to such exceptions as are from time to time mandatory under Italian law) with all other present or future unsubordinated and unsecured obligations of the Issuer.

This prospectus (the "**Prospectus**") constitutes a prospectus within the meaning of Article 6.3 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, as amended (the "**Prospectus Regulation**"). This Prospectus is published in electronic form together with all documents incorporated by reference herein on the website of the Issuer (https://www.aliaserviziambientali.it/investor-relations/prospetto-informativo/) (the "**Issuer's Website**") and the website of the Euronext Dublin (as defined below) (https://live.euronext.com) and will be available free of charge at the registered office of the Issuer.

This Prospectus has been approved by the Central Bank of Ireland (the "**CBI**"), as competent authority under the Prospectus Regulation. The CBI only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer or the quality of the Notes that are subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes. Moreover, such approval relates only to the Notes which are to be admitted to trading on the regulated market of Euronext Dublin (as defined below) or other regulated markets for the purposes of Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**").

Application has been made to the Irish Stock Exchange plc trading as Euronext Dublin (the "**Euronext Dublin**") for the Notes to be admitted to the official list (the "**Official List**") and to trading on the regulated market (the "**Regulated Market**"). The Regulated Market is a regulated market for the purposes of the MiFID II. References in this Prospectus to the Notes being listed (and all related references) shall mean that the Notes have been admitted to trading on the Regulated Market. The Prospectus is valid for 12 months from its date in respect of the Notes which are to be admitted to trading on the Regulated Market. The obligation to supplement this Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply once the Notes are admitted to the Official List and trading on its regulated market.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and are subject to U.S. tax law requirements. The Notes will be offered outside the United States in accordance with Regulation S under the Securities Act. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or for the account or benefit of U.S. persons as defined in Regulation S under the Securities Act ("**Regulation S**") or United States persons as defined in the US Internal Revenue Code of 1986, as amended (the "**US Code**"), and U.S. Treasury regulations thereunder. For a further description of certain restrictions on the offering and sale of the Notes, see "*Subscription and Sale*".

The Notes will be issued in dematerialised form (*forma dematerializzata*) in accordance with the provisions of (i) Article 83-*bis* of the Legislative Decree No. 58 of 24 February 1998 (the "**Consolidated Financial Act**") and (ii) the regulation jointly issued on 13 August 2018 by the *Commissione Nazionale per le Società e la Borsa* ("**CONSOB**") and the Bank of Italy and published in the Official Gazette number 201 of 30 August 2018, as subsequently amended and supplemented (the "**Joint Regulation**"). The Notes will be held in, accounted for and evidenced by book entries form with the central securities depository and management system managed by Monte Titoli S.p.A. ("**Monte Titoli**") on behalf of the Noteholders until redemption or cancellation thereof for the account of the relevant Account Holder (as defined in the Conditions). Title to and transfer of the Notes shall be evidenced by entries in the books of Account Holders in accordance with the applicable provisions of law, including article 83-bis of the Consolidated Financial Act and the Joint Regulation. No physical document of title will be delivered in respect of the Notes. The Noteholders will not be able to request delivery of the documents representative of the Notes, save for the right to obtain certain certifications pursuant to article 83-*quinquies*, paragraph 3, and 83-*novies*, paragraph 1(b) of the Consolidated Financial Act. The Notes will be issued in the denomination of Euro 100,000 each. Transfer of the Notes may only be effected in the denomination of Euro 100,000.

An investment in Notes involves certain risks. Prospective investors should have regard to the factors described under the section "*Risk Factors*" on pages 15 to 32.

Placement Agents

UniCredit **IMI – Intesa Sanpaolo**

The date of this Prospectus is 21 February 2022.

NOTICES TO INVESTORS

The Issuer has confirmed that (i) this Prospectus contains all information regarding the Issuer, the Group and the Notes which is material in the context of the issue and sale of the Notes, (ii) such information is true and accurate in all material respects and is not misleading in any material respect, (iii) any opinions, predictions or intentions expressed in this Prospectus on the part of the Issuer are honestly held or made and are not misleading in any material respect and (iv) this Prospectus does not omit to state any material fact necessary to make any information contained herein not misleading in any material respect.

This Prospectus is to be read and construed in conjunction with all documents which are deemed to be incorporated herein by reference. This Prospectus shall, save as specified herein, be read and construed on the basis that such documents are so incorporated and form part of this Prospectus. See "*Documents Incorporated by Reference*".

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

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Prospectus or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer or by UniCredit Bank AG and Intesa Sanpaolo S.p.A. (each of them a "**Placement Agent**").

The Issuer has not authorised, nor do they authorise, the making of any offer of the Notes through any financial intermediary, other than offers made by the Placement Agents.

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

Neither the Placement Agents nor any of their respective affiliates (including their respective parent company) has verified the information contained in this Prospectus and, accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Placement Agents or by any of their respective affiliates (including their respective parent company) as to the accuracy or completeness of the information contained or incorporated in this Prospectus or of any other information provided by the Issuer in connection with the Notes.

Neither this Prospectus nor any other information supplied in connection with the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or the Placement Agents that any recipient of this Prospectus or any other information supplied in connection with the Notes should purchase any Notes. The content of this Prospectus should not be construed as providing legal, business, accounting, tax or other professional advice and each investor contemplating purchasing any Notes should make its own independent investigation of the condition

(financial or otherwise), results of operation, business and prospects of the Issuer and its own appraisal of the Issuer's creditworthiness, and should have consulted its own legal, business, accounting, tax and other professional advisers.

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

This Prospectus may only be used for the purpose for which it has been published.

In the event of an offer of the Notes being made by a financial intermediary, such financial intermediary will provide information to the relevant investors on the terms and conditions of the offer at the time the offer is made.

Any financial intermediary using this Prospectus has to state on its website that it uses this Prospectus in accordance with the consent and the conditions attached hereto.

This Prospectus has not been submitted to the clearance procedure of CONSOB and may not be used in connection with the offering of the Notes in the Republic of Italy, its territories and possessions and any areas subject to its jurisdictions other than in accordance with applicable Italian securities laws and regulations, as fully set out under "*Subscription and Sale*".

Neither this Prospectus nor any other information supplied in connection with the Notes constitutes an offer or invitation by or on behalf of the Issuer or the Placement Agents to any person to purchase any Notes. The distribution of this Prospectus and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Placement Agents to inform themselves about and to observe any such restrictions. This Prospectus may only be used for the purposes for which it has been published. For a description of certain restrictions on offers, sales and deliveries of the Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*".

In particular, the Notes have not been and will not be registered under the Securities Act. Subject to certain exceptions, the Notes may not be offered, sold or delivered in the United States or to U.S. persons. The Notes are subject to restrictions on transferability and resale and may not be transferred or resold in the United States or to, or for the account or benefit of, U.S. persons except as permitted under applicable U.S. federal and state securities laws pursuant to a registration statement or an exemption from registration.

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 MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU, 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; or (iii) not a qualified investor as defined in the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014, as amended (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

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

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

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

BENCHMARK REGULATION – The determination of the Interest Rate in respect of the Notes is determined by reference to the EURIBOR which is provided by the European Money Markets Institute ("**EMMI**"). As at the date of this Prospectus, the EMMI appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority pursuant to article 36 of Regulation (EU) 2016/1011, as amended (the "**Benchmark Regulation**").

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Certain Defined Terms and Conventions

Capitalised terms which are used but not defined in any particular section of this Prospectus will have the meaning attributed to them in "*Terms and Conditions of the Notes*" or any other section of this Prospectus. In addition, in this Prospectus:

- all references to **euro**, **EUR**, **Euro** and **€** refer to the single currency introduced at the start of the third stage of the European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended;

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

- certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Forward-Looking Statements

This Prospectus may contain forward-looking statements, including (without limitation) statements identified by the use of terminology such as "anticipates", "believes", "estimates", "expects", "intends", "may", "plans", "projects", "will", "would" or similar words. These statements are based on the Issuer's current expectations and projections about future events and involve substantial uncertainties. All statements, other than statements of historical facts, contained herein regarding the Issuer's strategy, goals, plans, future financial position, projected revenues and costs or prospects are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Such forward-looking statements are not guarantee of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors. Potential investors are cautioned not to place undue reliance on forward-looking statements, which are made only as at the date of this Prospectus.

The Issuer does not intend, and does not assume any obligation, to update forward-looking statements set forth in this Prospectus. Many factors may cause the Issuer's or the Group's results of operations, financial condition, liquidity and the development of the industries in which they compete to differ materially from those expressed or implied by the forward-looking statements contained in this Prospectus.

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

Presentation of Financial Information

Unless otherwise indicated, the financial information in this Prospectus relating to the Issuer has been derived from the Consolidated Annual Report 2020 and the Consolidated Annual Report 2019 (both as defined below and, together, the "**Annual Reports**") for, respectively, the financial years ended 31 December 2019 and 31 December 2020.

The Issuer's financial year ends on 31 December, and references in this Prospectus to any specific year are to the 12-month period ended on 31 December of such year. The Annual Reports have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (**IASB**) and endorsed by the European Union (**IFRS**). IFRS are understood to include international accounting standards (**IAS**) still in force, as well as all the interpretative documents issued by the International Financial Reporting Interpretations Committee (**IFRIC**), formerly known as the Standing Interpretations Committee (**SIC**).

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

Suitability of Investment

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

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

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

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

(iv) understands thoroughly the terms of the Notes and is familiar with the behavior of financial markets; and

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

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities.

Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Each prospective investor should consult its own advisers as to legal, tax and related aspects of an investment in the Notes. A prospective investor may not rely on the Issuer, the Placement Agents or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes.

Alternative Performance Measures

The Consolidated Annual Report 2020 and the Consolidated Annual Report 2019 (both as defined below) incorporated by reference in this Prospectus contain certain alternative performance measures ("**APMs**"), as defined in the guidelines issued on 5 October 2015 by the European Securities and Markets Authority ("**ESMA**") (ESMA/2015/1415), concerning the presentation of APMs disclosed in regulated information and prospectuses published on or after 3 July 2016. Such APMs, although not recognised as financial measures under International Financial Reporting Standards ("**IFRS**"), have been identified and are used by the management of the Issuer to monitor the Group's financial and operating performance. The management of the Issuer believes that these APMs provide useful information for investors as regards the financial position, cash flows and financial performance of the same, because they facilitate the identification of significant operational trends and the decisions on investment and resource allocation. To ensure that the APMs are correctly interpreted, it is emphasised that these measures are based on historical data and are not indicative of the future performance of the Issuer. The APMs are not part of IFRS and are unaudited. APMs are not recognised as a measure of performance or liquidity under IFRS and should not be taken as replacements of the measures required under the reference reporting standards or any other generally accepted accounting principles. The APMs should be read together with the financial information prepared. Since they are not based on the reference financial reporting standards, APMs used by the Issuer may not be consistent with those used by other companies or groups and therefore may not be comparable with them. The APMs and definitions used herein are consistent and standardised for all the period for which financial information in this Prospectus are included.

In particular, this Prospectus includes the information on the Group's EBITDA, which is an APM, and is used by the management of the Issuer to monitor its financial and operating performance. EBITDA is defined as net result for the period excluding income taxes, net financial expenses, depreciation and amortisation, provision and write-downs.

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

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

	Year ended 31 December	
	2020	2019

	(thousands of Euro)	
Period net result	**(5,729)**	**1,403**
Income taxes	(3,530)	(881)
Financial income	(1,256)	(971)
Financial expenses	3,436	3,527
Amortisation/depreciation	21,189	19,551
Provisions and write-downs	6,564	1,227
EBITDA	**20,673**	**23,856**

DEFINITIONS

In this Prospectus, unless otherwise specified, all references to "**€**", "**EUR**" or "**Euro**" are to the currency introduced at the start of the third stage of the European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the Euro, as amended, and references to "**USD**" or "**U.S. dollar**" are to the legal currency of the United States of America.

Definitions

As used in this Prospectus:

"**Account Holder**" means any authorised financial intermediary entitled to hold accounts on behalf of its customers with Monte Titoli and includes any clearing system (including without limitation Euroclear, and Clearstream) which holds an account with Monte Titoli;

"**Alia**" refers to Alia Servizi Ambientali S.p.A.;

"**CBI**" means the Central Bank of Ireland;

"**Conditions**" means the terms and conditions relating to the Notes set out in this Prospectus in the section "*Conditions of the Notes*" and any reference to a numbered "**Condition**" is to the correspondingly numbered provision of the Conditions.

"**CONSOB**" means the Italian *Commissione Nazionale per le Società e la Borsa*;

"**EU**" means the European Union;

"**European Economic Area**" or "**EEA**" means the economic area encompassing all of the members of the European Union and the European Free Trade Association;

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

"**Existing Indebtedness**" means the existing financial indebtedness of the Issuer as at 31 December 2021, as per Table 1 (*Alia Servizi Ambientali S.p.A.*) of Section "*Issuer description – Loans*" of this Prospectus

"**Group**", "**us**", "**we**" and "**our**" means the Issuer and the companies directly or indirectly controlled by the Issuer pursuant to Article 2359 of the Italian Civil Code;

"**Ireland**" means the Republic of Ireland;

"**Interest Rate**" means the interest rate of the Notes;

"**Issue Date**" means 23 February 2022;

"**Issuer**" means Alia;

"**Issuer's Website**" means https://www.aliaserviziambientali.it/investor-relations/prospetto-informativo/;

"**Italy**" means the Republic of Italy;

"**Listing Agent**" means Walkers Listing Services Limited ;

"**Member State**" means a member state of the European Union;

"**MiFID II**" means Directive 2014/65/EU on markets in financial instruments;

"**Monte Titoli**" means Monte Titoli S.p.A.;

"**Notes**" means the Euro 90,000,000 Senior Unsecured Floating Rate Notes due 23 February 2028;

"**Official List**" means the official list of Euronext Dublin;

"**Paying Agent**" means Banca Finanziaria Internazionale S.p.A., together with any other paying agent appointed from time to time under the Agency Agreement;

"**Placement Agent**" means each of UniCredit Bank AG and Intesa Sanpaolo S.p.A.;

"**Prospectus**" means this prospectus, which constitutes a prospectus within the meaning of Article 6.3 of the Prospectus Regulation;

"**Prospectus Regulation**" means Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 (as amended);

"**Regulated Market**" means the exchange regulated market of the Irish Stock Exchange;

"**Supplement**" means any supplement to this Prospectus in accordance to Article 23 of the Prospectus Regulation;

"**VAT**" means value added tax;

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OVERVIEW

The overview below describes the principal terms of the Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Terms and Conditions of the Notes" section of this Prospectus contains a more detailed description of the terms and conditions of the Notes, including the definitions of certain terms used in this summary.

Words and expressions defined in "Terms and Conditions of the Notes" or elsewhere in this Prospectus have the same meaning in this section, unless otherwise noted.

Issuer	Alia Servizi Ambientali S.p.A., a joint stock company (*società per azioni*) organised under the laws of the Republic of Italy (the "**Issuer**").
Notes issued.....	Euro 90,000,000 aggregate principal amount of the Senior Unsecured Amortising Floating Rate Notes due 23 February 2028.
Maturity Date.....	The Notes will mature on 23 February 2028 (the "**Maturity Date**"). Unless previously redeemed or purchased and cancelled, the Issuer will redeem the Notes, at their principal amount outstanding together with any interest accrued and unpaid, at the Maturity Date.
Interest.....	The Notes will bear interest on their principal amount outstanding at the Interest Rate specified in Condition 5.1 (*Rate of Interest*).
Issue Price	100 per cent. of the principal amount of the Notes.
Interest Payment Date.....	Interest on the Notes will be payable in arrears on each Interest Payment Date, as provided in Condition 6 (*Payments*).
Ranking.....	The Notes constitute direct, unconditional, unsubordinated and (subject to Condition 4.1 (*Negative Pledge*)) unsecured obligations of the Issuer and rank and will rank *pari passu*, without any preference among themselves. The payment obligations of the Issuer under the Notes shall, save for such exceptions as may be provided by applicable law and subject to Condition 4.1 (*Negative Pledge*), at all times rank at least equally with its other from time to time outstanding unsecured and unsubordinated obligations. See "*Terms and Conditions of the Notes*".
Redemption for taxation reasons	The Issuer may redeem the Notes, in whole but not in part, at a redemption price of 100 per cent. of the principal amount outstanding, plus accrued and unpaid interest to (but excluding) the relevant date of redemption, if the Issuer would become obligated to pay certain additional amounts as a result of certain changes in specified tax laws or certain other

	circumstances. See "*Terms and Conditions of the Notes – Redemption and Purchase – Redemption for Taxation Reasons*".
Redemption at the option of the Issuer	The Notes may be redeemed at the option of the Issuer, in whole but not in part, with effect from any date from the First Call Date (as defined in the Conditions) at a price equal to (i) 102% of the principal amount outstanding as at such date, together with the interest accrued and not paid at such date if the redemption occurs in the period starting from (and including) the First Call Date until (and excluding) the Second Call Date (as defined in the Conditions) and (ii) 100% of the principal amount outstanding as at such date, together with the interest accrued and not paid at such date if the redemption occurs in the period starting from (and including) the Second Call Date until (and excluding) the Maturity Date. See "*Terms and Conditions of the Notes – Redemption at the option of the Issuer*".
Put Option	Upon the occurrence of a Put Event (as defined in the Conditions) at any time, the Noteholders will have the right to require the Issuer to repurchase their outstanding Notes, in whole or in part, at their principal amount outstanding plus accrued and unpaid interest, if any, to the date of repurchase. See "*Terms and Conditions of the Notes – Put Option*".
Covenants.....	The Terms and Conditions provide for certain covenants for the Issuer as detailed in Condition 4 (*Covenants*). See "*Terms and Conditions of the Notes – Covenants*".
Use of Proceeds	General corporate purposes of the Issuer and the refinancing, in whole or in part, of the Existing Indebtedness.
Form, Denomination and Title.....	The Notes will be issued in dematerialised form (*forma dematerializzata*) in accordance with the provisions of (i) Article 83-bis of the Consolidated Financial Act and (ii) the Joint Regulation. The Notes will be held in, accounted for and evidenced by book entries form with the central securities depository and management system managed by Monte Titoli S.p.A. on behalf of the Noteholders until redemption or cancellation thereof for the account of the relevant Account Holder (as defined in the Conditions). The Notes will be issued in the denomination of Euro 100,000 each. Transfer of the Notes may only be effected in the denomination of Euro 100,000. Title to and transfer of the Notes shall be evidenced by entries in the books of Account Holders in accordance with the applicable provisions of law, including article 83-bis of the Consolidated Financial Act and the Joint Regulation. No physical document of title will be delivered in respect of the Notes. The Noteholders will not be able to request delivery of the

	documents representative of the Notes, save for the right to obtain certain certifications pursuant to article 83-quinquies, paragraph 3, and 83-novies, paragraph 1(b) of the Consolidated Financial Act.
Transfer Restrictions; Absence of a Public Market for the Notes	The Notes have not been registered under the U.S. Securities Act and thus are subject to restrictions on transferability and resale. The Issuer cannot assure investors that a market for the Notes will develop or that, if a market develops, the market will be a liquid market. See "*Subscription and Sale*".
Listing	Application has been made to Euronext Dublin for the Notes to be listed on the Official List and admitted to trading on the Regulated Market.
Paying Agent.....	Banca Finanziaria Internazionale S.p.A.
Listing Agent	Walkers Listing Services Limited
Governing Law of the Notes	Italian law

RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should consider carefully the risks described below and the other information contained in this Prospectus prior to making any investment decision. The Issuer has described below those risks that it currently considers to be specific to the it and the Notes and which are material for taking an informed investment decision in the Notes. Additional risks and uncertainties that are not presently known to the Group or that the Group currently deems immaterial may also materially and adversely affect the Group's business, financial condition or results of operations. The Issuer has assessed the materiality of the risk factors below based on the probability of their occurrence and the expected magnitude of their negative impact.

The risks that are specific to the Issuer are presented in four categories and those specific to the Notes are presented in two categories, in each case with the most material risk factors presented first in each category. Each of the risks discussed below could have a material adverse effect on our business, financial condition, results of operations or prospects which, in turn, could have a material adverse effect on the principal amount and interest which investors will receive in respect of the Notes. In addition, each of the risks discussed below could adversely affect the trading or the trading price of the Notes or the rights of investors under the Notes and, as a result, investors could lose some or all of their investment. Words and expressions defined in the "Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this section.

This Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in this Prospectus.

Prospective investors should read the entire Prospectus and reach their own views prior to making any investment decision.

MATERIAL RISKS THAT ARE SPECIFIC TO THE ISSUER

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

(i) Risks related to the activities of the Issuer being an entity operating within a highly regulated sector;

(ii) Risks related to the industry in which the Issuer operates;

(iii) Risks related to the financial indebtedness and the financial condition of the Issuer; and

(iv) Risks related to legal, administrative and tax proceedings.

Risks related to the activities of the Issuer being an entity operating within a highly regulated sector

Alia is dependent on concessions from local authorities for its regulated activities

For the financial year ended 2020, the regulated activities of Alia, i.e. the waste collection services, accounted for approximately 91% of the Alia's EBITDA. These regulated activities are dependent on concessions from local authorities. For further information on the concession granted to Alia, see "*Description of the Issuer – Key Concessions*" below. In addition, legislation in Italy could affect the expiry date of certain concessions, including those of the Service Contract, as better described in section "*Description of the Issuer – The Service Contract*". In the case of expiry of a concession at its stated maturity

date as well as in the case of early termination for any reason (including failure by a concession holder to fulfil its material obligations under its concession), each concession holder must continue to operate the concession until it is replaced by the new incoming concession holder.

With a call for tenders published in the OJEU on 5 December 2012, S/234 and in the Official Gazette of the Italian Republic, V special series, no. 143 of 7 December 2012, the Authority for the Integrated Urban Waste Management Service (*Autorità per il Servizio di Gestione Integrata dei Rifiuti Urbani*) ATO Toscana Centro (hereinafter, the "**ATO**") called for the "*Restricted procedure for the awarding in concession of the integrated management service of urban waste*".

ATO awarded the tender to a temporary group of companies (*raggruppamento temporaneo di imprese*) established for the purposes of the tender: Quadrifoglio Servizi ambientali area fiorentina S.p.A. (agent), Publiambiente S.p.A., ASM servizi ambientali S.p.A. and CIS S.r.l. (principals) (the "**RTI**").

However, Article 26 of Regional Law of Tuscany no. 61 of 22 November 2007 sets forth the service to be awarded by a sole service manager; hence the members of the RTI carried out a business combination process, by means of a merger by incorporation, which led to the incorporation of Publiambiente, ASM and Cis into Quadrifoglio. At the same time, the latter changed its name to Alia Servizi ambientali S.p.A. which, as a result of the Merger, pursuant to Articles 51 and 116 of Legislative Decree no. 163 of 12 April 2006, took over the legal position and requirements for participation in the procedure of the winning bidder RTI, thus becoming the sole service manager (*Gestore unico*, the "**Manager**"). For further information, see section "*Description of the Issuer – The Service Contract*" below

The concession was awarded by means of an electronic deed executed before the Notary Public Cambi on 31 August 2017 (*repertorio* no. 23275/10029, registered in Florence on 4 September 2017 under no. 26092) between Alia and ATO Toscana Centro (the "**Service Contract**").

Subsequently, Alia and ATO Toscana Centro executed by means of an electronic deed before the Notary Public Cambi on 6 October 2021, *repertorio* no. 28183, a supplement to the service contract with the purpose of incorporating the regulatory changes due to the regulation in the area of integrated management of urban waste by the Regulatory Authority for Energy, Network and Environment (ARERA) with the introduction of the new MTR tariff method.

Under the Service Contract, Alia manages, as sole service manager and on an exclusive basis, the integrated management service of urban waste.

In the event of any breach of contractual obligations expressly listed as early termination events, the Service Contract shall be terminated by law. The Service Contract expressly sets forth the breaches constituting early termination events, including: (i) failure by Alia to achieve the separate waste collection targets; (ii) failure by Alia to complete without delay the waste recovery and disposal sites, provided for in the Concession (as defined in section "*Description of the Issuer*") for reasons attributable to Alia; (iii) expiration of a 15-day term (or of a shorter term in case of risks to public health and environment) as indicated in the enforcement notice pursuant to Article 1454 of the Italian Civil Code, without Alia having complied with the relevant obligation; (iv) unjustified interruption of services for a period of more than three days for reasons attributable to Alia.

The termination or revocation of the Service Contract shall have a material impact on the financial and economic condition of Alia and the Group with a consequent adverse impact on the market value of the Notes on the Issuer's ability to fulfil its obligations under the Notes.

Force majeure as well as other unforeseeable events may affect the economic and financial balance of the Issuer

The Service Contract lays down the rules for maintaining the economic and financial balance of the operation, and establishes that, in light of their respective responsibilities, the parties undertake to pursue and maintain the economic and financial balance of the Concession, in accordance with efficiency criteria, on the basis of the instruments provided for by the tariff regulations of the national Authority and the relevant contractual provisions.

In order to achieve the above purposes, Alia, as Manager, takes the operational risk deriving from the performance of the activities covered by the Service Contract, in compliance with the European and national rules and principles on service concessions, the regulations applicable to the Concession, and ARERA's tariff regulation.

If, during the regulatory period, extraordinary circumstances occur that are not attributable to the Manager, being of a significant entity and not foreseen at the time the tariff plan was set up, such as to jeopardise the economic-financial balance of the service for the current financial year, the Manager shall submit to ATO a specific request for rebalancing.

As part of the rebalancing process, and provided that this is allowed by the regulatory framework in force and the ATO's planning objectives, the ATO and the Manager may assess the possibility of a remodulation of the scope of investments.

In the context of such rebalancing process, the parties are required to engage negotiations to try to reach an agreement on the remodulation of the scope of investments. The parties could however be unable to reach an agreement, or the agreement could be achieved after particularly long timescales and may also lead to litigation regarding failure to revise the remodulation plan or only partial acceptance of requests for updates/modifications with possible late and uncertain outcome.

This might have a material impact on the financial and economic condition of Alia and the Group with a consequent adverse impact on the market value of the Notes on the Issuer's ability to fulfil its obligations under the Notes.

The evolution in the legislative and regulatory framework for the waste sector poses a risk to Alia

Changes to applicable legislation and regulations, whether at a national or European level, and the manner in which they are interpreted, could impact Alia's earnings and operations either positively or negatively, both through the effect on current operations and through the impact on the cost and revenue-earning capabilities of current and future planned developments in sectors in which Alia conducts its business. Such changes could include changes in tax rates, legislation and policies, also involving the early termination of certain contracts assigned to and operated by Alia, changes in environmental, safety or other workplace laws, including legislative decree for the purposes of the reorganization of the local public services (*servizi pubblici locali*) regulation, with specific regard to, among others, the integrated waste management service, which is set to be adopted pursuant to the current draft of the annual market and competition law for 2021 (the "**Annual Market and Competition Law**"), filed with the Council of Ministers on 4 November 2021 for the purposes of the subsequent approval by the Parliament (for further information, see the section "*Regulatory Framework on the Integrated Waste Management*" below). Public policies related to waste may impact the overall business environment in which Alia operates and particularly the public sector. Alia operates its business in a political, legal and social environment which is expected to continue to have a material impact on the performance of Alia. Regulation of a particular sector may affect many aspects of Alia's business and, in many respects, determines the manner in which

Alia conducts its business and the fees it charges or obtains for its products and services. Any new or substantially altered rules and standards may adversely affect Alia's and the Group's business, results of operations and financial condition, with a consequent adverse impact on the market value of the Notes and the Issuer's ability to fulfil its obligations under the Notes.

Alia is exposed to revision and redetermination of tariffs in the waste sector

Alia operates in the waste sector and is exposed to a risk of variation of the tariffs applied to end users. In the waste sector the tariffs payable by final customers are determined and adjusted by ARERA.

The currently applicable options for determining the user fee are set forth by Law no. 147/13 establishing the waste tax ("**TARI**"), which provides that each municipality may choose between the application of a tariff in the form of a tax or for the application of a tariff in the form of a fee (for further information, see the section "*Regulatory Framework on the Integrated Waste Management*" below).

Furthermore, Article 7 of the ARERA Resolution no. 363/2021/r/rif of 3 August 2021 sets forth the procedure to approve the overall cost of the municipal waste service. Alia, as Manager, shall prepare the "raw" economic and financial plan (the "**PEF**") in accordance with the provisions of the "*New waste tariff method MTR-2*" ("*Nuovo metodo tariffario rifiuti MTR-2*", "**MTR-2**") as introduced by such resolution; indeed, Alia shall adjust the cost items, reclassify them and allocate them according to the methodology established by the MTR-2, as well as attach to the PEF a statement certifying its truthfulness and a report illustrating the connection between the data reported and the accounting values (ARERA's resolution no. 363/2021/r/rif, Articles 7.1 and 7.3).

Subsequently, the Territorially Competent Body (*Ente Territorialmente Competente* or ETC) shall consolidate the "raw" PEF, create a final PEF and validate it, verifying the contents' completeness, consistency and congruity.

ARERA verifies the regulatory consistency of the documentation and data received, reserving the right to request additional information. In case of positive outcome, ARERA approves the fees. As regards the verification of regulatory consistency, the Authority's provisions relate exclusively to the methods of computing costs in their various components and to the subdivision between fixed and variable costs in the case of TARI, or to the overall amount of consideration for waste service in the case of a fee-based tariff; therefore the Authority, in this first period of regulatory launch, does not verify the final tariffs to be applied to the users of the waste service, i.e. the tariff structure in the strict sense of the word.

Considering all the above, the Issuer is subject to the risk that future revisions of the tariffs in the context of the following regulatory period may not keep the Issuer at a level satisfying the relevant expectations. Indeed, any differences between the costs estimated by the Issuer and costs actually incurred could adversely affect cash flows and results of operations in a given year. These differences could not be entirely recoverable by an increase in tariffs in subsequent years, also due to the four-year forecasting process which has been introduced by ARERA's Resolution no. 363/2021, and may result in the Issuer having to reorganise the operational and capital expenditures. As a consequence, the Issuer's business, results of operations, financial condition and prospects in future years would be adversely affected, with a consequent adverse impact on the market value of the Notes and the Issuer's ability to fulfil its obligations under the Notes. It is to be noted however that this scenario seems remote in light of the four-year forecasting process laid down by ARERA's Resolution no. 363/2021, which also represents a useful tool to strengthen the Company's ability to forecast tariff trends over the relevant timeframe, hence preventing the risk of unpredictable deviations from estimated tariffs.

Alia's operations are subject to extensive rules and regulations, which regulate the management of hazardous and solid waste and in particular environmental laws and Italian and European public procurement rules

Alia is subject to extensive rules and regulations regarding, *inter alia*, the environment and public procurement.

Costs of compliance with existing environmental laws

Alia's compliance with environmental laws and regulations involves the incurrence of significant costs relating to environmental monitoring, installation of pollution control equipment, emission fees, maintenance and upgrading of facilities, remediation and permitting. The costs of compliance with existing environmental legal requirements or those not yet adopted may increase in the future. An increase in such costs, unless promptly recovered, could have an adverse impact on Alia's and the Group's business, results of operations and financial condition, with a consequent adverse impact on the market value of the Notes and the Issuer's ability to fulfil its obligations under the Notes.

Risks relating to health, safety and environmental liabilities

Risks of health, safety and environmental liabilities are inherent to the activity of Alia (for further information, see the section "*Regulatory Framework on the Integrated Waste Management*" below).

Notwithstanding the Issuer's belief that the operational policies and standards adopted and implemented to ensure the safety of its operations are of a high standard, it is always possible that incidents such as blowouts, spillovers, pollution or similar events will occur, resulting in damage to the environment, the Issuer's employees and/or local communities.

Alia has accrued certain risk provisions in the financial statements in relation to the post-operating management of landfill sites (so-called "*Fondo risanamento discariche*") and has issued certain guarantees in favour of the Province of Florence (now the Metropolitan City of Florence), the relevant competencies of which are now exercised by Region Tuscany, in relation to potential environmental liabilities arising from certain plants and landfill sites. Such provisions and guarantees are intended to cope with certain existing environmental liabilities whereby an obligation to perform a clean-up or other remedial action is in place and the associated costs can be reliably estimated.

In particular, as at 31 December 2020, the abovementioned *Fondo Risanamento Discariche* amounts to Euro 25,387,787.60.

Such *post mortem* fund represents the amount set aside to meet the costs which will have to be incurred to manage the closure and post-closure period of the landfills currently under management. Future payments have been discounted in accordance with IAS 37. Increases in the fund include the financial component resulting from the discounting process and provisions due to changes in the assumptions on future payments following the revision of the estimates for both landfills under cultivation and those already exhausted. Payments represent the actual disbursements determined during the year. Provisions are also made taking into account the provisions of current legislation (Legislative Decree no. 36/2003).

Notwithstanding the above, it is possible that in the future Alia may incur significant environmental expenses and liabilities in addition to the amounts already accrued owing to: (i) unknown contamination; (ii) the results of ongoing surveys or surveys that will be carried out in future on the environmental status of certain of Alia's industrial sites, as required by the applicable regulations on contaminated sites; (iii)

the possibility that disputes might be brought against Alia in relation to such matters; and (iv) increases in the Issuer's estimates as to future environmental expenses.

Such liabilities and those relating to health and safety could have an adverse impact on Alia's and the Group's business, results of operations and financial condition, with a consequent adverse impact on the market value of the Notes and the Issuer's ability to fulfil its obligations under the Notes.

Risks related to the application of Italian and European public procurement rules

Alia's legal status is that of a "service concessionaire" following a call for tenders, with public evidence obligations exclusively for public works which are instrumental to the management of the service, in compliance with the Legislative Decree n. 50 of 18 April 2016, as subsequently amended and/or integrated (the "**Public Contracts Code**").

The complexity of the procedures and requirements set forth by the Public Contracts Code may lead to inefficiencies in the management of the Group's business and could have negative repercussions on the Group's competitiveness, as a result of higher costs (also in terms of additional corporate resources and time) required to run these processes, especially when compared with the lighter burden faced by peers who are not subject to the same obligations. Furthermore, contracts awarded as a result of these tenders are subject to challenges at the relevant regional administrative courts, thereby exposing the Issuer to the risk of litigation arising from the public tenders that it is obliged to carry out. This could adversely affect the efficiency and the timeframe in which the Issuer is able to obtain supplies, services and facilities necessary for the performance of its activities, and therefore it could have a material adverse effect on the Issuer's business, results of operations, and financial condition.

It is to be noted, however, that the Public Contracts Code is applicable to a minor part of Alia's activities (namely the realization of 30 collection plants over the reference area) and therefore the impacts described in this paragraph has a limited impact on the overall business of the Issuer. Indeed, as regards the other activities carried out under the Service Contract, such as service concessions, which can be qualified as subcontracts, procurement of capital goods, as well as any other contractual activity having commercial nature, Alia acts outside the scope of the Public Contracts Code.

Risks related to the industry in which the Issuer operates

Alia is exposed to operational risks through its ownership and handling of waste management and distribution networks and plants

The main operational risks to which Alia is exposed are linked to its ownership and handling of its waste management assets and its distribution networks and plants.

In particular, Alia carries out its waste management activities through three Mechanical-Biological Treatment (MBT) plants producing solid secondary fuel and dry waste, two composting plants, two waste transfer platforms for the valorisation of the different waste fractions. Inputs into these plants in 2020 amounted to approximately 576,000 tons (of which over 300,000 in treatment, the remainder in transfer).

In addition to these plants, the construction of an anaerobic digester is in progress at the site of Casa Sartori (Montespertoli).

Alia also manages 18 operating units distributed throughout the territory to carry out collection and sweeping services, a fleet of over 1,000 vehicles, 26 collection centers open to users, 13 landfill post-

management sites, of which one with biogas recovery and electric cogenerator (3,556 MWh production 2020), and 14 photovoltaic plants (782 MWh production 2020).

These assets are exposed to risks that can cause significant damage to the assets themselves and, in more serious cases, production capacity may be compromised. These risks include extreme weather phenomena, adverse meteorological conditions, natural disasters, fire, terrorist attacks, sabotage, mechanical breakdown of or damage to equipment or processes, accidents and labour disputes.

Alia believes that its systems of prevention and protection within each operating area, which vary according to the frequency and gravity of the particular events, its ongoing maintenance plans, the availability of strategic spare parts and its use of tools for transferring risk to the insurance market enable Alia to mitigate the economic consequences of potentially adverse events that might be suffered by any of its owned or managed plants or networks. There can, however, be no guarantee that the cost of maintenance and spare parts will not rise, that insurance products will continue to be available on reasonable terms or that any one event or series of events affecting any one or more plants or networks could not adversely affect the business, results of operations and financial condition of Alia and of the Group, with a consequent adverse impact on the market value of the Notes and the Issuer's ability to fulfil its obligations under the Notes.

Risk relating to any breaches of the organisation and management model

The Issuer is exposed to the risk of incurring administrative sanctions deriving from the possible inadequacy of its organisational model. Legislative Decree 231/2001 ("**Decree 231/2001**") imposes direct liability on a company for certain unlawful actions taken by its executives, directors, agents and/or employees. The list of offences under Decree 231/2001 currently covers, among other things, bribery, theft of public funds, unlawful influence of public officials, corporate crimes (such as false accounting), fraudulent acts and market abuse, as well as health and safety and environmental hazards. In order to reduce the risk of liability arising under Decree 231/2001, the Issuer has adopted an organisation, management and supervision model (the "**Model**") to ensure the fairness and transparency of its business operations and corporate activities and provide guidelines to its management and employees to prevent them from committing offences. The Issuer has also appointed a supervisory body to oversee the functioning and updating of, and compliance with, the Model. As at the date of this Prospectus, the supervisory body has not pointed out any issue.

Notwithstanding the adoption of these measures, the Issuer could still be found liable for the unlawful actions of its officers or employees if, in the relevant authority's opinion, Decree 231/2001 has not been complied with. This could lead to a suspension or revocation of concessions currently held by the issuer, a ban from participating in future tenders and/or an imposition of fines and other penalties, all of which could adversely affect the business, results of operations and financial condition of the Issuer and of the Group with a consequent adverse impact on the market value of the Notes and the Issuer's ability to fulfil its obligations under the Notes.

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

The Issuer intends to pursue a strategic plan of growth and development. The strategic plan contains, and was prepared on the basis of, a number of critical assumptions and estimates relating to future trends and events that may affect the sectors in which the Issuer operates, such as estimates of customers' demand and changes to the applicable regulatory framework (see "*Description of the Issuer – 2021-30 Business Plan*" for further information). There can be no assurance that the Issuer will achieve the objectives under its strategic plan. For example, if any of the events and circumstances taken into account in preparing the strategic plan do not occur, the future business, financial condition, cash flow and/or

results of operations of the Issuer could be different from those envisaged and the Issuer might not achieve its strategic plan, or do so within the expected timeframe, which could adversely affect the Issuer's and the Group's business, results of operations and financial condition, with a consequent adverse impact on the market value of the Notes and the Issuer's ability to fulfil its obligations under the Notes.

Risks related to information technology

The Issuer's operations are supported by complex information systems, specifically with regard to its technical, commercial and administrative divisions. Information technology risk arises in particular from issues concerning the adequacy of these systems and the integrity and confidentiality of data and information. The major operating risks connected with the IT system involve the availability of "core" systems. The continuous development of IT solutions to support business activities, the adoption of strict security standards and of authentication and profiling systems help to mitigate these risks. In addition, in order to limit the risk of activity interruption caused by a system failure, the Issuer has adopted hardware and software configuration for those applications that support critical activities, which are periodically subjected to efficiency testing. Specifically, the services provided by the Issuer's outsourcer include a disaster recovery service that is intended to guarantee system recovery within timeframes that are consistent with the critical relevance of the affected applications. Nevertheless, there can be no assurance that serious system failures, network disruptions or breaches in security will not occur, and any such failure, disruption or breach may have a material adverse effect on the Issuer's and the Group's business, financial condition or results of operations, with a consequent adverse impact on the market value of the Notes and the Issuer's ability to fulfil its obligations under the Notes.

Risks related to insurance coverage

The Issuer maintains insurance coverage in an amount that it believes to be adequate to protect itself against a variety of risks, such as property damage and liability claims. However, there can be no assurance that: (i) the Issuer will be able to maintain the same insurance coverage in the future (on terms considered acceptable by Alia or at all); (ii) claims will neither exceed the amount of coverage nor fall outside the scope of the risks insured under the relevant policy; (iii) insurers will at all times be able to meet their obligations; or (iv) the Issuer's provisions for uninsured or uncovered losses will be sufficient to cover the full amount of liabilities eventually incurred. Any of these scenarios could have a material adverse effect on the Issuer's and the Group's business, financial condition and results of operations, with a consequent adverse impact on the market value of the Notes and the Issuer's ability to fulfil its obligations under the Notes.

Risks relating to skills and expertise of the Issuer's employees

The Issuer's ability to operate its business effectively depends on the skills and expertise of its employees. If the Issuer loses any of its key personnel or is unable to recruit, retain and/or replace sufficiently qualified and skilled personnel, it may be unable to implement its business strategy (for further information, see the section "*Description of the Issuer*" below). This could have a material adverse effect on the Issuer's and the Group's business, financial condition and results of operations, with a consequent adverse impact on the market value of the Notes and the Issuer's ability to fulfil its obligations under the Notes.

Risks relating to interruption of the Issuer's business activities

The Issuer is continuously exposed to the risk of interruption of its business activities due to the malfunctioning of its infrastructure and plants resulting from events outside of the Issuer's control, such as extreme weather phenomena, natural disasters, fire, malicious damage, accidents, labour disputes and mechanical breakdown as well as any unavailability of equipment or IT systems of critical importance for

the Issuer's business activities caused by material damage to equipment, components or data. Any such events could compromise the Issuer's operations and result in loss of income and/or cost increases and could adversely affect the Issuer's and the Group's business, results of operations and financial condition, with a consequent adverse impact on the market value of the Notes and the Issuer's ability to fulfil its obligations under the Notes.

Risks related to the financial indebtedness and the financial condition of the Issuer

Alia is exposed to funding risks

Alia funds its activities through medium/long term bank loans and senior unsecured notes, whose relevant agreements contain cross default clauses, financial covenants and early repayment clauses.

In particular, as at 31 December 2021, Alia has the following eight debt instruments outstanding, whose residual debt amounts to Euro 59,016 thousand:

- seven medium/long-term banking loans whose residual debt as at the date of this Prospectus amounts to Euro 14,016 thousand. Four of these seven banking loans will be repaid by 31 December 2022;

- one series of senior unsecured notes due in 2024, whose residual outstanding amount is as at the date of this Prospectus is Euro 45 million.

Alia's ability to borrow money from banks or in the capital markets to meet its financial requirements is dependent on favourable market conditions. If sufficient sources of financing are not available in the future for these or other reasons, Alia may be unable to meet its funding requirements, which could materially and adversely affect the business, results of operations and financial condition of Alia and the Group with a consequent adverse impact on the market value of the Notes and the Issuer's ability to fulfil its obligations under the Notes.

Alia is exposed to market risk and interest rate risk arising on its financial indebtedness

The Company's financial flows are exposed to movements in interest rates that may impact cash flows, on the market value of the Company's financial assets and liabilities and on the levels of net financial expenses.

In particular, Alia is subject to interest rate risk arising from its financial indebtedness, which varies depending on whether such indebtedness is at a fixed or floating rate. A portion of the loans granted to Alia provide for interest rates linked to reference rates, particularly EURIBOR (EURO InterBank Offered Rate) and IRS (*Interest Rate Swap*). For further information, see "*Alia is exposed to funding risks*" above. Furthermore, as at the date of this Prospectus, the Company has no interest rate hedging policy in place. Accordingly, significant fluctuations in interest rates may have an impact on the cost of floating rate funding and this could adversely affect the business, results of operations and financial condition of Alia and the Group, with a consequent adverse impact on the market value of the Notes and the Issuer's ability to fulfil its obligations under the Notes.

Risks connected to the effects of the international financial crisis on the Issuer's business, results of operations and financial condition

In the course of recent years, a severe liquidity crisis arose in the global credit markets. These conditions have resulted in decreased liquidity and historic volatility in global financial markets and continue to affect the functioning of financial markets and impact the global economy. The Italian Government and Central

Bank and the European Union have implemented and continue to implement a number of measures to address the financial crisis, although the situation in the banking system is still not completely secure in some of the 'peripheral' Eurozone countries such as Greece, Ireland, Spain, Portugal, Cyprus and Italy itself. At the moment it is still difficult to predict the effect of these measures on the economy and on the financial system, how long the crisis will exist and whether or to what extent the Issuer's business, results of operations and financial condition may be adversely affected. For further information, see "*Alia has exposure to credit risk arising from its activity*" below.

As a result, the Issuer's ability to access the capital and financial markets and to refinance debt to meet the financial requirements of the Issuer may be adversely impacted and costs of financing may significantly increase. Such circumstance could have an adverse impact on Alia's and the Group's business, results of operations and financial condition, with a consequent adverse impact on the market value of the Notes and the Issuer's ability to fulfil its obligations under the Notes.

Alia is exposed to failed or delayed payments

The TARI covers the investment and operating costs of municipal waste management, in accordance with the provisions of Law no. 147/2013 and the Service Contract.

Consequently, the redesign of the financing mechanism of the waste collection service which took place with the introduction of the TARI has led Alia to become an active party in terms of invoicing fees directly to the Municipalities.

As detailed above (please see "*Alia is exposed to revision and redetermination of tariffs in the waste sector*"), the tariff may not ensure full coverage of all incurred costs due to the fact that certain costs could not be recoverable by an increase of the tariff, according to the balance mechanism. In light of the above, the failed or delayed payment of remuneration by the Municipalities, also due to the liquidity crisis that local entities have been experiencing in recent years, or by the end users, may prejudice the financial balance of the Company, as well as the standard of services delivered. As a consequence, a single default by the relevant Municipality, or an increase in current default rates by counterparties generally, could adversely affect the business, results of operations and financial condition of Alia and the Group, with a consequent adverse impact on the market value of the Notes and the Issuer's ability to fulfil its obligations under the Notes.

The business could be affected by global economic factors

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

(i) the annual readjustment of Eurozone Harmonised Index of Consumer Prices ("**HICP**") item weightings, which takes place in January each year (in particular areas of the economy hit very hard by the Covid-19 pandemic, and where inflation rates have been relatively low like package holidays and clothing and footwear);

(ii) in contrast, the weights of items where demand and inflation rates have been more elevated, such as food, have risen;

(iii) concerns over the long-term sustainability of the European single currency;

(iv) future development of the monetary policy of the European Central Bank in the Euro area, the Federal Reserve System, and in the Dollar area, and the policies implemented by other countries aimed at promoting competitive devaluations of their currencies;

(v) the sustainability of the sovereign debt of certain countries and related recurring tensions on the financial markets;

(vi) the consequences and potential lingering uncertainties caused by the UK's withdrawal from the European Union.

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

All of these factors, in particular in times of economic and financial crisis, could result in an increase in the Issuer's borrowing costs and in a reduction of, or slower growth in, the Issuer's ordinary business, which could have an adverse impact on the Issuer's and the Group's business, financial condition and results of operations with a consequent adverse impact on the market value of the Notes and the Issuer's ability to fulfil its obligations under the Notes.

Risks associated with the COVID-19 pandemic

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

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

During 2020, due to the spread of the epidemic, the Group has been required to adapt its delivering services in order to comply with certain regulatory measures concerning hygiene and healthcare, with a significant increase in operating costs mainly driven by: i) the establishment of an operational unit for services to Covid-19 positive users and the care and rest facilities affected by the virus and ii) increased costs for hardware and software to enable employees to work in smart-working.

Notwithstanding the above, the Group's management put in place a set of measures aimed at optimising and improving the efficiency of company operations, such as the use of redundancy funds (*FIS – Fondo Integrativo salariale*) which allowed costs to be reduced, including personnel costs which in 2020 showed a reduction of Euro 4.9 million compared to 2019.

At the date of this Prospectus, after having made the necessary evaluations on the basis of the available information, given the countermeasures developed by the Company management, this circumstance does not seem to constitute a factor of uncertainty. However, it is not possible to determine the possible impact that may affect the Company's performance, economy and the target market in the future months – also considering the current scenario including the progress of vaccination campaigns, the measures to contain the emergency put in place by the governments, the competent authorities and the central banks of the countries affected by the spread of the virus, and taking into account the financial measures adopted to support households, workers and companies.

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

Risks related to legal, administrative and tax proceedings

Alia is defendant in a number of legal proceedings and may from time to time be subject to inspections by tax and other authorities

Alia is defendant in a small number of civil and administrative proceedings, which are incidental to its business activities and which Alia does not consider to be material.

For an analytical identification of pending proceedings, see the section "*Description of the Issuer – Legal Proceedings*" of this Prospectus.

Alia is not able to predict the ultimate outcome of any of the claims currently pending against it or future claims or investigations that may be brought against it, which may be in excess of its existing provisions. In addition, it cannot be ruled out that Alia may incur significant losses in addition to the amounts already accrued in connection with pending legal claims and proceedings or future claims or investigations which may be brought owing to: (i) uncertainty regarding the final outcome of such proceedings, claims or investigations; (ii) the occurrence of new developments that management could not take into consideration when evaluating the likely outcome of such proceedings, claims or investigations in order to accrue the risk provisions as at the date of the latest financial statements; (iii) the emergence of new evidence and information; and (iv) the underestimation of probable future losses. Adverse outcomes in existing or future proceedings, claims or investigations could have adverse effects on Alia's business, results of operations and financial condition, with a consequent adverse impact on the market value of the Notes and the Issuer's ability to fulfil its obligations under the Notes.

Risks relating to potential disputes with employees

Disputes with the Issuer's employees may arise either in the ordinary course of the Issuer's business or as a result of one-off events, such as mergers and acquisitions, or as a result of employees moving to an incoming concession holder upon the expiry or termination of a concession held by the Issuer. Any material dispute could give rise to difficulties in supplying customers and maintaining its business, which could, in turn, lead to a loss of revenues and prevent the Issuer from implementing its business strategy. This could have a material adverse effect on Issuer's business, financial condition and results of operations, with a consequent adverse impact on the market value of the Notes and the Issuer's ability to fulfil its obligations under the Notes.

Alia is exposed to a number of different tax uncertainties, which could have an impact on its tax results

Alia determines the taxation that it is required to pay based on its interpretation of applicable tax laws and regulations. As a result, it may face unfavourable changes in those tax laws and regulations to which it is subject. Therefore, Alia's financial position and its ability to perform its obligations under the Notes may be adversely affected by new laws or changes in the interpretation of existing laws.

MATERIAL RISKS THAT ARE SPECIFIC TO THE NOTES

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

(i) Risk related to the nature and specific features of the Notes; and

(ii) Risks related to the admission of the Notes to trading on a regulated market

Risks related to the nature and specific features of the Notes

The Notes will be effectively subordinated to the Issuer's and its subsidiaries' existing and future secured obligations that are secured by property and assets that do not secure the Notes to the extent of the value of the property or assets securing such debt.

The Notes will constitute direct, unconditional and unsecured obligations of the Issuer and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights and, therefore, in the event of any insolvency or winding-up of the Issuer, the Notes will rank equally with the Issuer's other unsecured senior indebtedness. The Notes will not be secured and, therefore, will be effectively subordinated to the liabilities of the Issuer and the Group's companies that are secured by property and assets that do not secure the Notes to the extent of the value of the property or assets securing such debt.

Therefore, our subsidiaries will not provide any security in respect of the Notes and will not have any obligation to pay any amounts due under the Notes or to make funds available for that purpose.

The holders of indebtedness of, and trade creditors of our subsidiaries, including lenders under bank financing agreements, are, generally, entitled to payments of their claims from the assets of such subsidiaries before these assets are made available for distribution to the Issuer, as a direct or indirect shareholder and the creditors of the Issuer will have no right to proceed against the assets of such subsidiary.

As such, the Notes will be effectively subordinated to creditors (including trade creditors) and any preferred stockholders of our subsidiaries which will not provide any guarantee with respect to the Notes.

The value of the Notes could be adversely affected by a change in Italian law or administrative practice

The Conditions of the Notes are based on Italian law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to Italian law or administrative practice after the date of this Prospectus and the unforeseen consequences of any such change could include a material adverse effect on the marketability and/or value of Notes affected by it. See also "*Noteholders' meeting provisions may change by operation of law or because of changes in the Issuer's circumstances*" below.

The Conditions of the Notes contain provisions which may permit their modification without the consent

of all investors

The Conditions of the Notes (see Condition 12 (*Meetings of Noteholders, Noteholders' Representative and Modification*)) contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

Please consider that under Italian law Noteholders have the right to attend (in person or through audio systems or by proxy) and vote at meetings of Noteholders. Vote at the meeting can be given by Noteholders who have been notified to the Issuer of the Notes as being Noteholders by the relevant custodian bank through the release of proper proofs of holding of the Notes. Please also note that as a matter of practice, the attendance to this meeting is generally run through a proxy and the process to gather proxy is generally run through the clearing systems by depositary banks so that each person entitled to attend can vote in the meeting by proxy.

As a result, a Noteholder is subject to the risk of being outvoted and losing rights against the Issuer under the Notes, as the case may be, against its will in the event that Noteholders holding a sufficient aggregate principal amount of the Notes participate in the vote and agree to amend the Terms and Conditions in accordance with such provisions.

Decisions at Noteholders' meetings bind all Noteholders

The Conditions of the Notes (see Condition 12 (*Meetings of Noteholders, Noteholders' Representative and Modification*)) contains provisions for calling meetings of Noteholders to consider matters affecting their interests generally, including, *inter alia*, modifications to the terms and conditions relating to the Notes and the waiver of rights that might otherwise be exercisable against the Issuer. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend or were not represented at the relevant meeting and Noteholders who voted in a manner contrary to the majority. Any such modifications to the Notes (which may include, without limitation, lowering the ranking of the Notes, reducing the amount of principal and interest payable on the Notes, changing the time and manner of payment, changing provisions relating to redemption, limiting remedies on the Notes and changing the amendment provisions) may have an adverse impact on Noteholders' rights and on the market value of the Notes. See also "*Noteholders' meeting provisions may change by operation of law or because of changes in the Issuer's circumstances*" below.

Redemption prior to maturity for taxation reasons

In the event that the Issuer would be obliged to increase the amounts payable in respect of the Notes due to any change in or amendment to the laws or regulations of the Republic of Italy or any political subdivision thereof or of any authority therein or thereof having the power to tax or in the interpretation or administration thereof, the Issuer may redeem the outstanding Notes, in whole but not in part, in accordance with the Condition 7.2 (*Redemption for taxation reasons*). If the Issuer redeems the Notes in the circumstances mentioned above, the Noteholders may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate.

Redemption prior to maturity at the option of the Issuer

The Issuer may redeem the Notes, in whole but not in part, with effect from any date from the First Call Date (as defined in the Conditions) at a price equal to (i) 102% of the principal amount outstanding as at

such date, together with the interest accrued and not paid at such date if the redemption occurs in the period starting from (and including) the First Call Date until (and excluding) the Second Call Date (as defined in the Conditions) and (ii) 100% of the principal amount outstanding as at such date, together with the interest accrued and not paid at such date if the redemption occurs in the period starting from (and including) the Second Call Date until (and excluding) the Maturity Date, pursuant to Condition 7.3 (*Redemption at the option of the Issuer*). If the Issuer early redeems the Notes in accordance with Condition 7.3 (*Redemption at the option of the Issuer*), the Noteholders may not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate.

The Issuer may not have sufficient funds at the time of occurrence of a Put Event to repurchase outstanding Notes

Upon the occurrence of a Put Event (as defined in the Conditions), as set out in Condition 7.4 (*Put Option*), the Noteholders will have the right to require the Issuer to repurchase their outstanding Notes, in whole or in part, at their principal amount outstanding plus accrued and unpaid interest, if any, to the date of the repurchase. However, it is possible that the Issuer will not have sufficient funds at the time of occurrence of such events to make the required repurchase of Notes. If there are not sufficient funds for the repurchase, Noteholders may receive less than the principal amount of the Notes.

The Notes are unsecured

The Notes constitute unsecured obligations of the Issuer and, save as provided in Condition 4.1 (*Negative Pledge*) do not contain any restriction on the granting of security interest by the Issuer and its Subsidiaries over their present and future indebtedness. Where any security interest has been granted over assets of the Issuer to secure indebtedness, in the event of any insolvency or winding-up of the Issuer, such indebtedness will, in respect of such assets, rank in priority over the Notes and other unsecured indebtedness of the Issuer. This means that, in any distribution of the proceeds from the liquidation of the Issuer's assets, secured creditors will be paid in full before any secured creditors (including Noteholders) and, as a result, Noteholders may not be paid in full or at all.

The Notes are not rated and credit ratings may not reflect all risks

Neither the Notes nor the long-term debt of the Issuer are rated. To the extent that any credit rating agencies assign credit ratings to the Notes or any other senior unsecured indebtedness of the Issuer at any future date, such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above and other factors that may affect the value of the Notes. A credit rating or the absence of a rating is not a recommendation to buy, sell or hold Notes and may be revised, withdrawn or suspended by the rating agency at any time.

The regulation and reform of "benchmarks" may adversely affect the value of the Notes

Interest rates and indices which are deemed to be "benchmarks", are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted.

The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of

"benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

Considering that the Notes are linked to the EURIBOR, which is an index deemed to be a "benchmark", the EU Benchmarks Regulation could have a material impact on the Notes, in particular, if the methodology or other terms of the EURIBOR are changed in order to comply with the requirements of the EU Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the EURIBOR.

More broadly, any of the international, national or other proposals for reform, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements. Such factors may have the effect of discouraging market participants from continuing to administer or contribute to certain "benchmarks," trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the discontinuance or unavailability of quotes of certain "benchmarks".

The Conditions provide for certain fallback arrangements in the event that the EURIBOR (including any page on which the EURIBOR may be published (or any successor service)) becomes unavailable, unlawful or unrepresentative, including the possibility that the rate of interest could be set by reference to a Successor Rate, an Alternative Rate or a Base Reference Bank Rate determined by the Base Reference Banks (in each case as defined in the Conditions). The application of a Successor Rate, an Alternative Rate or a Base Reference Bank Rate may result in the Notes performing differently (which may include payment of a lower interest rate) than they would do if the EURIBOR were to continue to apply in its current form. In certain circumstances the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate to the Notes based on the EURIBOR which was last observed on the relevant screen page. In addition, due to the uncertainty concerning the availability Successor Rate, Alternative Rate and Base Reference Bank Rates and the involvement of Base Reference Banks, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have an adverse effect on the value of and return on the Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant reference rate could affect the ability of the Issuer to meet its obligations under the Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Notes. Investors should consider these matters with their own independent advisers when making their investment decision with respect to the Notes.

The Noteholder generally will not be entitled to a gross-up for any Italian withholding taxes or for any withholding or deduction for FATCA, unless the Italian withholding tax is caused by a failure of the Issuer to comply with certain procedures

The Issuer is organized under the laws of Italy and is Italian resident for tax purposes and therefore payments of principal and interest on the Notes and, in certain circumstances, any gain on the Notes, will be subject to Italian tax laws and regulations. All payments in respect of Notes will be made free and clear of withholding or deduction of Italian taxation, unless the withholding or deduction is required by law. In that event, subject to a number of exceptions, the Issuer will pay such additional amounts as will result in the holders of the Notes receiving such amounts as they would have received in respect of such Notes had no such withholding or deduction been required. The Issuer is not liable to pay any additional amounts to holders of Notes under certain circumstances set out under Condition 8 (*Taxation*), including if any withholding or deduction is required pursuant to Decree 239 (as defined in the Conditions), except, where the procedures required under Decree 239 in order to benefit from an exemption have not been complied

with due to the actions or omissions of the Issuer or its agents. In such circumstances where no additional amounts are due by the Issuer, investors subject to Italian withholding or deduction required under Decree 239 will only receive the net proceeds of their investment in the Notes.

Holders of Notes will bear the risk of any change in Decree 239 after the date hereof, including any change in the White List as defined in the Section (*Taxation*). The regime provided by Decree 239 and in particular the exemption from *imposta sostitutiva*, which is in principle granted to holders of the Notes resident in White List countries, is also subject to certain procedural requirements being met. Should the procedural requirements not be met, Italian *imposta sostitutiva* may apply on the payments made on the Notes to foreign investors resident in White List countries.

Furthermore, any amounts to be paid on the Notes by or on behalf of the Issuer will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended, or otherwise imposed pursuant to Sections 1471 to 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). Neither the Issuer nor any other Person will be required to pay any additional amounts in respect of FATCA Withholding.

Risks related to the admission of the Notes to trading on a regulated market

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

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application has been made to the Euronext Dublin for the Notes to be listed on the Official List and to be admitted to trading on its Regulated Market, there is no assurance that an active trading market will develop, and if a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors (also as a result of the possibility that affiliates of the Issuer (including its shareholders) may end up subscribing or purchasing a material amount of Notes).

Delisting of the Notes

Application has been made for the Notes to be listed on the Official List and admitted to trading on the regulated market of Euronext Dublin. The Notes may subsequently be delisted despite the best efforts of the Issuer to maintain such listing and, although no assurance is made as to the liquidity of the Notes as a result of listing, any delisting of the Notes may have a material effect on a Noteholder's ability to resell the Notes on the secondary market.

Risks relating to restrictions on the transfer of the Notes

The ability to transfer the Notes may also be restricted by securities laws or regulations of certain countries or regulatory bodies. The Notes have not been, and will not be, registered under the Securities Act or any state securities laws in the U.S. or the securities laws of any other jurisdiction. Noteholders may not offer

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

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

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

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

DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been filed with the CBI and shall be deemed to be incorporated in, and to form part of, this Prospectus, in each case to the extent specified in the table below:

1) the translation into English of the consolidated audited annual financial statements of the Issuer as at and for the year ended 31 December 2020 (the "**Consolidated Annual Report 2020**"), prepared in accordance with IFRS, which can be found at (see the following hyperlink: https://www.aliaserviziambientali.it/wp-content/uploads/2021/10/CONSOLIDATED-FINANCIALS-STATEMENTS-2020.pdf); and

2) the translation into English of the consolidated audited annual financial statements of the Issuer as at and for the year ended 31 December 2019 (the "**Consolidated Annual Report 2019**"), prepared in accordance with IFRS, which can be found at (see the following hyperlink: https://www.aliaserviziambientali.it/wp-content/uploads/2020/07/Bilancio-consolidato-ENG.pdf),

provided, however, that any statement contained in this Prospectus or in any information or in any of the documents incorporated by reference in, and forming part of, this Prospectus shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement, provided that such modifying or superseding statement is made by way of a supplement to this Prospectus pursuant to Article 23 of the Prospectus Regulation.

Cross-reference list

The following table shows where the documents incorporated by reference in this Prospectus can be found in the above-mentioned documents.

Consolidated Annual Report 2020	**Pages**
Consolidated Statement of Financial Position	80-81
Income Statement	82
Statement of Comprehensive Income	83
Consolidated Cash Flows Statement	84-85
Consolidated Statement of Changes in Equity	86-87
Independent auditor's report on the Consolidated Financial Statements	159 - 163

Consolidated Annual Report 2019	**Pages**
Consolidated Statement of Financial Position	83 - 84
Income statement	84 - 85

Statement of Comprehensive Income	85
Consolidated Cash Flows Statement	86 – 87
Consolidated Statement of Changes in Equity	88 – 89
Independent auditor's report on the Consolidated Financial Statements	158 – 162

The documents set out above are translated into English from the original Italian. The Issuer has accepted responsibility for the accuracy of such translations. In the event that there are any inconsistencies or discrepancies between the Italian language versions and the English translations thereof, the original Italian language versions shall prevail. All the documents incorporated by reference in this Prospectus have been filed with the Central Bank of Ireland. As long as any applicable laws so require, copies of the documents incorporated by reference in this Prospectus can be obtained free of charge from the registered office of the Issuer and from the website of the Issuer, https://www.aliaserviziambientali.it/investor-relations/prospetto-informativo/.

The information on the website of the Issuer (https://www.aliaserviziambientali.it/investor-relations/prospetto-informativo/), as well as any information on any other website mentioned in this Prospectus does not form part of this Prospectus and has not been scrutinized or approved by the CBI unless specific information is expressly incorporated by reference herein.

Any information incorporated by reference that is not included in the above cross-reference list is considered as additional information and is not required to be included in the Prospectus by the relevant schedules of the Commission Delegated Regulation (EU) 2019/980 (as amended).

TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions of the Notes (the "**Conditions**"). References to the "**holder**" or to the "**Noteholder**" of a Note will be to the ultimate owners of the Notes, issued in dematerialised form and evidenced as book entries with Monte Titoli S.p.A. ("**Monte Titoli**") in accordance with the provisions of (i) Article 83-bis of the Legislative Decree No. 58 of 24 February 1998, as subsequently amended and supplemented (the "**Consolidated Financial Act**") and (ii) the regulation jointly issued on 13 August 2018 by the* Commissione Nazionale per le Società e la Borsa *("**CONSOB**") and the Bank of Italy and published in the Official Gazette number 201 of 30 August 2018, as subsequently amended and supplemented (the "**Joint Regulation**").*

The "Euro 90,000,000 Senior Unsecured Floating Rate Notes due 23 February 2028" (the "**Notes**") (ISIN IT0005467680) are issued on 23 February 2022 (the "**Issue Date**") by Alia Servizi Ambientali S.p.A., whose registered office is located at Via Baccio da Montelupo 52, 50142, Florence, Italy and registered with the Commercial Register of Florence under number 04855090488, having as its corporate object the installation and management of municipal waste management and environmental services, although it also provides other miscellaneous public services linked to urban hygiene (the "**Issuer**"). On the Issue Date, the share capital of the Issuer is Euro 94,000,000.00 and its reserves are equal to Euro 64,473,552.22. The issuance of the Notes was duly authorised by (A) the resolutions of the Board of Directors of the Issuer dated (i) 23 November 2021, notarised by Public Notary Vincenzo Gunnella (*repertorio* No. 55.423, *raccolta* No. 27.529) and registered with the Companies' Register of Florence on 26 November 2021, (ii) 6 December 2021, notarised by Public Notary Vincenzo Gunnella (*repertorio* No. 55.222, *raccolta* No. 27.579) and registered with the Companies' Register of Florence on 13 December 2021 and (iii) dated 25 January 2022, notarised by Public Notary Vincenzo Gunnella (*repertorio* No. 55.785, raccolta No. 27.723) and registered with the Companies' Register of Florence on 31 January 2022 and (B) the resolution of the Managing Director of the Issuer dated 16 February 2022, notarised by Public Notary Vincenzo Gunnella (*repertorio* No. 55.882, *raccolta* no. 27.766) and registered with the Companies' Register of Florence on 17 February 2022.

The Notes are issued subject to an agreement for issuing agent and the paying agent services dated 18 February 2022 (such agreement, as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") made between the Issuer and Banca Finanziaria Internazionale S.p.A. as paying agent and issuing agent (the "**Paying Agent**" and "**Issuing Agent**", which expressions includes any successor paying agent and issuing agent appointed from time to time in connection with the Notes). The Noteholders are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them. Copies of the Agency Agreement are available for inspection during normal business hours by the Noteholders at the Specified Office (as defined in the Agency Agreement) of the Paying Agent.

The subscription and/or purchase of the Notes implies full and unconditional acceptance of these Conditions.

1. FORM, DENOMINATION AND TITLE

1.1 Form and denomination

The Notes are registered, issued in dematerialised form (*forma dematerializzata*) in accordance with the applicable provisions of law, including article 83-*bis* of the Consolidated Financial Act and the provisions of the Joint Regulation and will be held in, accounted for and evidenced by book entries form with the central securities depository and management system managed by Monte Titoli on behalf of the Noteholders until redemption or cancellation thereof for the account of the relevant Account Holder.

The Notes are issued in the denomination of Euro 100,000 each. Transfer of the Notes may only be effected in the denomination of Euro 100,000.

1.2 Title and transfer

Title to and transfer of the Notes shall be evidenced by entries in the books of Account Holders in accordance with the applicable provisions of law, including article 83-*bis* of the Consolidated Financial Act and the Joint Regulation. No physical document of title will be delivered in respect of the Notes. The Noteholders will not be able to request delivery of the documents representative of the Notes, save for the right to obtain certain certifications pursuant to article 83-*quinquies*, paragraph 3, and 83-*novies*, paragraph 1(b) of the Consolidated Financial Act.

The Notes can be transferred only to "qualified investors" within the meaning of Regulation (EU) 1129/2017 as amended and supplemented from time to time.

2. STATUS

The Notes constitute direct, unconditional, unsubordinated and (subject to Condition 4.1 (*Negative Pledge*) below) unsecured obligations of the Issuer and rank and will rank *pari passu*, without any preference among themselves and (subject to such exceptions as are from time to time mandatory under Italian law) with all other present or future unsubordinated and unsecured obligations of the Issuer.

3. DEFINITIONS

For the purposes of these Conditions:

"**Account Holder**" means any intermediary institution entitled to hold, directly or indirectly, accounts on behalf of its customers with Monte Titoli.

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 5.6 (*Benchmark Event*) is customary in market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) in Euro and with an interest period of a comparable duration to the relevant Interest Period.

"**Authorised Signatories**" and each an "**Authorised Signatory**" means the legal representative (*legale rappresentante*) of the Issuer and the chief financial officer (*direttore finanziario*) of the Issuer.

"**Base Reference Bank**" means a primary Italian bank appointed by the Issuer (provided that each bank consents to its appointment).

"**Base Reference Bank Rate**" means the arithmetic mean of the rates supplied to the Issuing Agent at the Issuer's request by at least three Base Reference Banks, being the rate at which the relevant Base Reference Bank is quoting interbank term deposits in euro.

"**Benchmark Event**" means:

(i) the Screen Rate ceasing to be published on the relevant screen page as a result of such benchmark ceasing to be calculated or administered; or

(ii) a public statement by the administrator of the Screen Rate that (in circumstances where no

successor administrator has been appointed that will continue publication of the Screen Rate) it has ceased or that it will, by a specified date on or prior to the next Quotation Date, cease publishing the Screen Rate permanently or indefinitely; or

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

(iv) a public statement by the supervisor of the administrator of the Screen Rate as a consequence of which the Screen Rate will, by a specified date on or prior to the next Quotation Date, be prohibited from being used, or that its use will be subject to restrictions or adverse consequences, either generally, or in respect of the Notes; or

(v) it has or will, by a specified date on or prior to the next Quotation Date, become unlawful for the Issuing Agent to calculate any payments due to be made to the Noteholders using the Screen Rate including, without limitation, under the Benchmarks Regulation, if applicable; or

(vi) the making of a public statement by the supervisor of the administrator of the Screen Rate announcing that (i) such Screen Rate is no longer representative of any underlying market; or (ii) the methodology to calculate the Screen Rate has materially changed; or

(vii) the European Commission or the competent national authority of a Member State having designated one or more replacement benchmarks for the Screen Rate pursuant to Article 23b (2) and Article 23c (1) of Benchmarks Regulation,

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

"**Benchmark Regulation**" means Regulation (EU) No. 2016/1011, as amended.

"**Business Day**" means any day (not being a Saturday or Sunday) on which banks are open in Milan, being a day on which Monte Titoli is open and a TARGET Settlement Day.

"**Cash and Cash Equivalents**" means the following:

(i) available cash (*disponibilità finanziarie*) and cash equivalents (where "cash equivalents" means cash at banks and all assets that can be liquidated within 1 (one) month); or

(ii) other financial assets represented by Italian government bonds; or

(iii) bonds having an investment grade rating to which the Issuer or any member of the Group is alone beneficially entitled at that time and which have been acquired for the Group's liquidity and treasury management purposes in accordance with the Group's internal policies which:

(a) mature within one year after the relevant date of calculation; and

(b) are not convertible or exchangeable to any other security; and

(c) are not issued or guaranteed by the Issuer or any member of the Group; and

(d) are not subject to Security Interest granted by the Issuer or any member of the Group.

"**Certification Date**" means a date falling not later than 45 (forty-five) calendar days after the approval by the Issuer's board of directors (or equivalent body) of the relevant Consolidated Annual Financial Statements and, in any event, no later than 6 (six) months after the end of the Relevant Period.

"**Change of Control**" means the occurrence of any of the following events:

(i) prior to the Reorganisation:

(a) the municipality of Florence ceases to hold at least 50.01% of the corporate capital of the Issuer; or

(b) the municipality of Florence ceases to have the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to cast, or control the casting of, more than one-half of the maximum number of votes that might be cast at a shareholders' or equivalent meeting of the Issuer; and

(ii) following the Reorganisation:

(a) the local public entities involved in the Reorganisation cease, directly or indirectly, to hold at least 50.01% of the MergeCo's corporate capital; or

(b) the Municipality of Florence ceases, directly or indirectly, to hold a participation in the MergeCo's corporate capital.

"**Compliance/No Default Certificate**" means a certificate of the Issuer duly signed by 2 (two) Authorised Signatories, substantially in the form attached hereto as Schedule A (*Compliance/No Default Certificate*) hereto, confirming as at the Certification Date:

(i) that its Non-Consolidated Annual Financial Statements and its Consolidated Annual Financial Statements in respect of the last Relevant Period give a true and fair view of the financial condition of the Issuer and the Group as at the end of such Relevant Period and of the results of its operations during such period;

(ii) that it is in compliance with the covenants contained in Condition 4.3 (*Financial Covenants*), setting out the amount of the Issuer's Net Financial Debt and the Issuer's Finance Charges as at the Determination Date and the Issuer's EBITDA (each on a consolidated basis) for the Relevant Period;

(iii) that no Put Event occurred and/or is continuing as at the Certification Date or (if a Put Event is continuing) the steps, if any, being taken to remedy it;

(iv) that no Event of Default has occurred during that Relevant Period and/or is continuing as at the date of the relevant certificate or (if an Event of Default is continuing) the steps, if any, being taken to remedy it;

(v) that, to the best of the Issuer's knowledge, having made all due enquiries, there have

been no events, developments or circumstances that would materially affect its ability to certify such compliance on the basis of the Issuer's or (if applicable) the Group's financial condition as at the Certification Date and its results of operations since the Determination Date; and

(vi) which of the Subsidiaries of the Issuer are Material Subsidiaries.

"**Concession**" means the concession for the exclusive assignment of the integrated management of municipal waste (as defined under article 183, paragraph 1, letters n), ll) and oo) of the Italian Legislative Decree No. 152/2006, as amended and supplemented, and relevant implementing acts), to be provided in the territory under the competence of the Grantor, which has been awarded to the Issuer by the Grantor by virtue of a resolution adopted on 8 July 2016 and which are regulated in detail under the Service Contract.

"**Consolidated Annual Financial Statements**" has the meaning given in Condition 4.4.

"**Determination Date**" means 31 December in each year.

"**Distribution**" means that the Issuer (i) distributes to its shareholders, directly or indirectly, profits, dividends and/or available reserves, in any form whatsoever, or (ii) makes any payment, directly or indirectly, in any form whatsoever, to its shareholders.

"**EBITDA**" means, in respect of any Relevant Period, the operating profit of the relevant entity before taxation, before deducting any net interest expense and extraordinary income/loss of such entity in respect of that Relevant Period and adding back depreciation, amortisation, write-downs and provisions, each as shown in, or determined by reference to, such entity's latest audited annual financial statements (consolidated, if available), *it being understood that* the EBIDTA shall be normalised by deducting from its calculation any extraordinary and non-recurring profit and cost, as set out in the notes to the latest audited financial statements of the relevant entity.

"**EBITDA - Finance Charges Ratio**" means, in respect of each Relevant Period, the ratio of (i) the EBITDA for the Relevant Period to (ii) the Finance Charges for the Relevant Period.

"**Equity Contributions**" means (i) any contribution in cash or contribution in liquid financial instruments in connection with a share capital increase of the Issuer or (ii) any contribution in non-redeemable cash, in any form whatsoever, fully subordinated, in principal and interest, to the Notes.

"**Equity Remediation**" has the meaning given in Condition 4.3.

"**EURIBOR**" means in relation to any Note:

(a) the applicable Screen Rate as of 11:00 a.m. on the Quotation Date and for six month period deposits (save in respect of (i) the first Interest Period and (ii) the last Interest Period ending on the Maturity Date (excluded) where a period equal in length to the relevant Interest Period of shall apply); or

(b) as otherwise determined pursuant to Condition 5.5 (*Unavailability of Screen Rate*).

"**Euro**" or "**euro**" or "**€**" means the currency introduced at the start of the third stage of the European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended.

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

"**Event of Default**" has the meaning given to that term in Condition 10 (*Events of Default*).

"**Finance Charges**" means, in respect of each Relevant Period, the aggregate amount of the accrued interest, commission, fees, discounts, prepayment fees, premiums or charges and other finance payments in respect of the Group's Indebtedness paid or payable by the Issuer and its Subsidiaries in cash or capitalised in respect of that Relevant Period.

"**Grantor**" means the Authority for the Integrated Urban Waste Management Service (*Autorità per il Servizio di Gestione Integrata dei Rifiuti Urbani*) entrusted with the integrated waste management service in the "Optimal Territorial Area" (*Ambito Territoriale Ottimale* – ATO), and any entity which may step in from time to time as grantor under the Service Contract.

"**Group**" means the Issuer and its Subsidiaries from time to time (if any).

"**Indebtedness**" means:

(i) any indebtedness from time to time outstanding (whether being principal, premium or interest) of any Person for or in respect of money borrowed or raised including (without limitation) any indebtedness for or in respect of amounts borrowed or raised under any transaction having substantially the commercial effect of a borrowing or otherwise classified as borrowings in accordance with applicable law or generally accepted accounting principles applicable from time to time, irrespective of the qualification of the contractual relationship given by the relevant parties; and

(ii) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraph (i) above.

"**Independent Adviser**" means an independent financial institution of international reputation or an independent financial adviser with appropriate expertise in the international capital markets, in each case appointed by the Issuer under Condition 5.6 (*Benchmark Event*).

"**Interest Payment Date**" means 23 August and 23 February of each year.

"**Interest Period**" means the period beginning on the Issue Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date up to the Maturity Date.

"**Interpolated Screen Rate**" means, in relation to EURIBOR, the rate (rounded to the same number of decimal places as the two relevant Screen Rates) which results from interpolating on a linear basis between:

(a) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the relevant Interest Period; and

(b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the relevant Interest Period,

each as of 11:00 a.m. on the Quotation Date.

"**Italian Civil Code**" means the Italian civil code, enacted by Royal Decree No. 262 of 16 March

1942, as amended and supplemented from time to time.

"**Material Adverse Event**" means any event, circumstance or matter which has or is reasonably likely to have a material adverse effect on:

(i) the business, assets or financial condition of the Issuer and/or the Group (taken as a whole); or

(ii) the ability of the Issuer to perform its payment or other obligations under the Notes; or

(iii) the validity and enforceability of the Notes.

"**Material Subsidiary**" means, at any time, any Subsidiary of the Issuer which accounts for 15% (fifteen per cent.) or more of the Issuer's EBITDA (on a consolidated basis) and, for these purposes:

(i) the Issuer's EBITDA will be determined by reference to its then latest Consolidated Annual Financial Statements (the "**Relevant Financial Statements**"); and

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

provided that:

(a) if a Person has become a Subsidiary of the Issuer after the date on which the Relevant Consolidated Financial Statements have been prepared, the EBITDA of that Subsidiary will be determined by reference to its latest annual financial statements (whether or not audited) and will be consolidated if that Subsidiary itself has Subsidiaries;

(b) the Relevant Financial Statements and the corresponding financial statements of each relevant Subsidiary will be adjusted (where appropriate) to reflect fairly the EBITDA of, or represented by, any Person, business or assets subsequently acquired or disposed of; and

(c) where a Subsidiary (the "**Intermediate Holding Company**") has one or more Subsidiaries at least one of which, under this definition, is a Material Subsidiary, then such Intermediate Holding Company will be deemed to be a Material Subsidiary.

"**Maturity Date**" means 23 February 2028.

"**MergeCo**" means the company resulting from the Reorganisation incorporated in the Republic of Italy as a joint stock company (*società per azioni*).

"**Monte Titoli**" means Monte Titoli S.p.A.

"**Net Financial Debt**" means the sum of the following items:

(i) total non-current financial liabilities; *plus*

(ii) total current financial liabilities; *plus*

(iii) total financial liabilities for leases; *plus*

(iv) the amount (being the amount financed) under factoring or securitisation programmes over trade receivables on a *pro solvendo* (with recourse) basis; *less*

(v) Cash and Cash Equivalents,

in each case, as shown in, or determined by reference to, the Issuer's latest Consolidated Annual Financial Statements.

"**Net Financial Debt – EBITDA Ratio**" means the ratio of (i) Net Financial Debt as at the Determination Date to (ii) EBITDA for the Relevant Period.

"**Net Proceeds**" means the proceeds of the issuance of the Notes.

"**Non-Consolidated Annual Financial Statements**" has the meaning given in Condition 4.4.

"**Permitted Extraordinary Transactions**" means the following transactions:

(i) the Reorganisation;

(ii) any merger carried out by a Subsidiary of the Issuer into another company of the Group, *provided that* all such Subsidiaries are solvent and the company resulting from such merger is a Subsidiary of the Issuer; and

(iii) any demerger of Subsidiaries of the Issuer in favour of other Subsidiaries of the Issuer, including newly established ones,

provided that:

(a) no Event of Default has occurred or, where an Event of Default has occurred, it has been remedied;

(b) to the extent such principle is applicable, the proposed transaction is carried out on an arm's length basis;

(c) taking into account – on a *pro forma* basis – the effects of the proposed transaction both on the Certification Date immediately preceding the proposed transaction and on the date on which the proposed transaction is completed, the proposed transaction does not entail a breach of the financial covenants set forth in Condition 4.3 (*Financial Covenants*) or any other Event of Default; and

(d) the conditions set out in items (a) to (c) above are confirmed in a written statement signed by a legal representative of the Issuer which shall include, *inter alia*, the information relating to the circumstance referred to in item (c) above and shall be delivered to the Noteholders at least 5 (five) Business Days prior to the date on which the proposed transaction is completed.

"**Permitted Security Interest**" means:

(i) the Security Interest over the assets of the Issuer existing at the Issue Date (each an "**Existing Security Interest**");

(ii) any Security Interest arising by operation of law in the ordinary course of business of the

Issuer or a Subsidiary (other than the Security Interests created as a consequence of a breach of law by the Issuer or a Subsidiary), provided that such Security Interest is not (and does not become capable of being) enforced;

(iii) any Security Interest (a "**New Security Interest**") created in substitution for any Existing Security Interest in the context of transactions aimed at refinancing the Indebtedness of the Issuer and/or of its Subsidiaries existing as at the Issue Date, provided that (A) the New Security Interest is created upon the same assets secured by the relevant Existing Security Interest and (B) the Indebtedness assumed in the context of the relevant transaction and secured by the New Security Interest is not higher than the amount of the Indebtedness being refinanced;

(iv) the Security Interest resulting upon completion of the Reorganisation, *provided that* (A) the Security Interest and relevant secured Indebtedness was already existing at the time of the completion of the Reorganisation and (B) the relevant Security Interest was created over assets of entity other than the Issuer to secure Indebtedness of entity other than the Issuer;

(v) any Security Interest not falling within paragraphs (i) to (iv) above, provided that the aggregate principal amount of Indebtedness secured by such Security Interest does not exceed an amount equal to 25 per cent. of the Issuer's EBITDA as determined by reference to the Issuer's latest Consolidated Annual Financial Statements.

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

"**Principal Amount Outstanding**" means, on any given date, the principal amount outstanding of the Notes being, as at the Issue Date, Euro 90,000,000.

"**Prospectus Regulation**" means Regulation (EU) 1129/2017, as amended from time to time.

"**Put Event**" means the occurrence of any of the following events:

(i) a Change of Control; or

(ii) the breach by the Issuer of the obligation set forth in Condition 4.7 (*Limitations on extraordinary transactions*).

"**Put Event Notice**" has the meaning ascribed to this term in Condition 4.4.(b).

"Put Option" has the meaning ascribed to this term in Condition 7.4 (*Put Option*).

"Put Option Exercise Period" has the meaning ascribed to this term in Condition 7.4 (*Put Option*).

"Put Option Notes" has the meaning ascribed to this term in Condition 7.4 (*Put Option*).

"Put Option Redemption Date" has the meaning ascribed to this term in Condition 7.4 (*Put Option*).

"**Relevant Date**" means whichever is the later of (A) the date on which a payment first becomes due and (B) if the full amount payable has not been received in by the Paying Agent on or prior to such due date, the date on which, the full amount having been so received, notice to that effect

shall have been given to the Noteholders in accordance with Condition 11 (*Notices*).

"**Relevant Jurisdiction**" means the Republic of Italy or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it of principal and interest on the Notes.

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

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

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

"**Relevant Period**" means a 12 (twelve)-month period ending on a Determination Date, the first such period being the 12 (twelve)-month period ending on 31 December 2022.

"**Reorganisation**" means any merger carried out between the Issuer and other companies operating in the same Issuer's industry or analogous industries (including gas distribution, energy production and dispatch and other public utilities market) in Tuscany Region followed by a capital increase up to 49% of MergeCo's corporate capital and listing on the stock exchange, provided that (i) the MergeCo's shares listed on the stock exchange does not exceed 49% of MergeCo's corporate capital; (ii) all the companies participating to the above mentioned merger are solvent and not subject to any liquidation, insolvency, composition, reorganisation or other similar proceedings (including, without limitation, *amministrazione straordinaria, amministrazione straordinaria delle grandi imprese in stato di insolvenza, liquidazione coatta amministrativa*); (iii) the Municipality of Florence will continue, directly or indirectly, to own a participation in the MergeCo's corporate capital; (iv) at least 51% of MergeCo's corporate capital will be owned, directly or indirectly, by local public entities; (v) the Mergeco's Net Financial Debt is not higher than the Issuer's Net Financial Debt.

"**Quotation Date**" means, in relation to any Interest Period for which a Rate of Interest is to be determined, two TARGET Settlement Days preceding the first day of that Interest Period.

"**Screen Rate**" means, in relation to EURIBOR, the euro interbank offered rate administered by the European Money Markets Institute (or any other person which takes over the administration of that rate) for the relevant period displayed on page EUR006M of the Bloomberg screen (or any replacement Bloomberg page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Bloomberg.

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

"**Service Contract**" means the service contract entered into on 31 August 2017 by and between the Issuer and the Grantor in relation to the Concession, as amended and supplemented from time to time.

"**Subsidiary**" means, in respect of any Person, at any particular time, any *società controllata* of such Person, as defined in Article 2359, paragraph 1, of the Italian Civil Code.

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

"**Successor Rate**" means the rate that the Independent Adviser determines is a successor to or replacement of the Screen Rate and which is formally recommended by any Relevant Nominating Body.

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

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

Save as the context otherwise provides, any reference in these Conditions to a provision of law, decree or regulation is a reference to that provision as amended or re-enacted.

4. COVENANTS

For so long as any of the Notes remains outstanding, the Issuer shall, in accordance with any applicable rules and regulations, comply with the undertakings referred to in this Condition 4 (*Covenants*).

4.1 Negative Pledge

The Issuer shall not, and shall procure that none of its Subsidiaries will, create or permit to subsist any Security Interest (other than a Permitted Security Interest) upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Indebtedness (as defined above), without at the same time or prior thereto securing the Notes equally and rateably therewith.

4.2 Pari Passu Ranking

The Issuer shall ensure that at all times any unsecured and unsubordinated claims of a Noteholder against it rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

4.3 Financial Covenants

The Issuer shall ensure that, as at each Determination Date:

(i) its EBITDA – Finance Charges Ratio is equal to or higher than 5.0x; and

(ii) its Net Financial Debt-EBITDA Ratio is equal to or lower than 3.5x:

The financial ratios set out in this Condition 4.3 (*Financial Covenants*) (the "**Financial Ratios**") shall be tested as at each Determination Date on the basis of the Issuer's Consolidated Annual Financial Statements approved by the Issuer's board of directors (or equivalent body) and audited by its independent auditors, so that the Financial Ratios will be tested once in each financial year based on the immediately preceding Relevant Period, as evidenced by the Compliance/No Default Certificate in relation to such Relevant Period delivered pursuant to Condition 4.4 (*Information covenants*) above and for the first time in respect of the 12 (twelve)-month period ending on 31 December 2022.

In the event that the Issuer determines that any of the Financial Ratios does not comply with the level referred to above on a Determination Date, the Issuer may remedy such non-compliance by allocating the proceeds of Equity Contributions to restore the level of the relevant Financial Ratio (the "**Equity Remediation**"), it being understood that:

(i) the Equity Remediation may only be performed two (2) times until the Maturity Date; and

(ii) the amounts allocated to the Equity Remediation may only be recorded as a reduction of Net Financial Debt and not as an increase of EBITDA.

4.4 Information covenants

The Issuer shall (i) make available to the Noteholders by means of publication under a dedicated section of its website (https://www.aliaserviziambientali.it/investor-relations/financial-statements) and (ii) if so required, transmit in accordance with any other publication requirements under any applicable laws and regulations (including, where applicable, the rules of the regulated market of the Irish Stock Exchange), the following documents:

(i) **Non-consolidated annual financial statements**: no later than each Certification Date, a copy certified by a duly authorised representative of the Issuer of the non-consolidated annual financial statements for the immediately preceding fiscal year, audited by its independent auditors (in the Italian language together with a translation in the English language) (the "**Non-Consolidated Annual Financial Statements**");

(ii) **Consolidated annual financial statements**: no later than each Certification Date, a copy certified by a duly authorised representative of the Issuer of the consolidated annual financial statements for the immediately preceding fiscal year audited by its independent auditors (in the Italian language with a translation in the English language) (the "**Consolidated Annual Financial Statements**");

(iii) **Compliance/No Default Certificate**: no later than each Certification Date, together with the relevant Non-Consolidated Annual Financial Statements and Consolidated Annual Financial Statements of the Issuer, the Compliance/No Default Certificate;

(iv) **List of Material Subsidiaries:** no later than the date of delivery of the Consolidated Annual Financial Statements, an updated list of Material Subsidiaries.

In addition to the foregoing, the Issuer shall:

(i) inform the Noteholders of the occurrence of any Event of Default promptly upon knowledge of the occurrence of such event and in any case within 5 (five) Business Days, by means of a notice given in accordance with Condition 11 (*Notices*) which shall describe in reasonable detail the events or circumstances resulting in the occurrence of the Event of Default; and

(ii) inform the Noteholders of the occurrence of any Put Event promptly upon knowledge of the occurrence of such event and in any case within 5 (five) Business Days, by means of a notice (the "**Put Event Notice**") given in accordance with Condition 11 (*Notices*) which shall (i) refer specifically to Condition 7.4 (*Put Option*), (ii) describe in reasonable detail the event or circumstances resulting in the occurrence of the Put Event, (iii) specify the Put Event Redemption Date.

4.5 Listing

The Issuer shall use all reasonable endeavours to maintain a listing of the Notes on the regulated market of the Euronext Dublin or another regulated market within the meaning of the Prospectus Regulation.

4.6 Accounting policies

The Issuer shall ensure that each set of financial statements delivered pursuant to Condition 4.4 (*Information covenants*) is prepared using accounting policies, practices and procedures consistent with those applied in the preparation of the immediately preceding annual financial statements of the Issuer unless, in relation to any such set of financial statements, (A) the Issuer provides the Paying Agent, for inspection by the Noteholders, with: (i) a description of any material changes in accounting policies, practices and procedures; and (ii) sufficient information to make an accurate comparison between such financial statements and the previous financial statements and (B) the Issuer negotiates in good faith and agrees with the Noteholders, within 6 months from the occurrence of such change in the accounting policies, on such amendments to the Financial Ratios and/or to the relevant definitions as may be necessary and/or appropriate in order to avoid that the adoption of different accounting principles or the amendment of the accounting principles has a detrimental effect for the Noteholders or entail a variation of the limits provided by the Financial Ratios originally agreed upon.

4.7 Limitations on extraordinary transactions

The Issuer undertakes that it will not, and shall ensure that no Subsidiary will, complete any reorganisation, merger, demerger, transformation, transfer or contribution of companies or line of business (*cessione di ramo di azienda*), except for the Permitted Extraordinary Transactions.

5. INTEREST

5.1 Rate of Interest

The Notes bear interest on their Principal Amount Outstanding at the following interest rate (the "**Rate of Interest**"):

(a) the EURIBOR, and

(b) 2.60 per cent.,

to be determined by the Issuing Agent in accordance with this Condition 5 (*Interest*).

5.2 Interest Accrual and Payment of Interest

Each Note bear interest from and including the Issue until the earlier of (i) the Maturity Date and (ii) the date on which the Notes are early redeemed in full in accordance with these Conditions, unless, upon due presentation, payment of the principal in respect of the Notes is improperly withheld or refused or unless default is otherwise made in respect of payment. In such events, the Notes shall continue to bear interest at the rate specified in Condition 5.1 (*Rate of Interest*) (both before and after judgment) until whichever is the earlier of:

(i) the date on which all amounts due in respect of such Note are received by or on behalf of the relevant Noteholder; and

(ii) the day falling 7 (seven) calendar days after the Paying Agent has notified the Noteholders of receipt of all sums due in respect all Notes up to that 7th (seventh) calendar day (except to the extent that there is any subsequent default in payment in accordance with these Conditions) in accordance with Condition 11 (*Notices*).

Interest on the Notes will be payable in arrears on each Interest Payment Date subject as provided in Condition 6 (*Payments*).

5.3 Calculation of the Interest Payment Amount

The amount payable as interest on the Notes in respect of each Interest Period will be calculated by applying the relevant Rate of Interest to the Principal Amount Outstanding of the Notes (the "**Interest Payment Amount**").

The Interest Payment Amount payable on each Interest Payment Date shall be determined by the Issuing Agent. The Issuing Agent will cause the relevant Interest Payment Amount for the relevant Interest Period to be notified to the Issuer and to the Noteholders in accordance with Condition 11 (*Notices*) promptly after determination.

5.4 Calculation of Interest

When interest is required to be calculated in respect of a period which is equal to or shorter than an Interest Period, the day-count fraction used will be the actual number of days in the relevant period from and including the date from which interest begins to accrue to but excluding the date on which it falls due divided by the actual number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last) (Actual/Actual ICMA).

5.5 Unavailability of Screen Rate

(a) If no Screen Rate is available for EURIBOR with respect to any Interest Period, the applicable EURIBOR shall be the Base Reference Bank Rate as of noon on the Quotation Date and for a period *equal* in length to the relevant Interest Period.

(b) Subject to paragraph (b) below, if EURIBOR is to be determined on the basis of a Base Reference Bank Rate but a Base Reference Bank does not supply a quotation by noon on the Quotation Date, the Base Reference Bank Rate shall be calculated on the basis of the quotations of the remaining Base Reference Banks.

(c) If at or about noon on the Quotation Date none or only one of the Base Reference Banks supplies a quotation, there shall be no Base Reference Bank Rate for the relevant Interest

Period and EURIBOR for the immediately preceding Interest Period shall apply.

5.6 Benchmark Event

(a) If a Benchmark Event occurs (as determined by the Issuer) in relation to the Screen Rate to be used in the determination of the EURIBOR, then the Issuer shall use its reasonable endeavors to appoint and consult with an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate by no later than 10 Business Days prior to the Quotation Date relating to the immediately following Interest Period.

(b) If the Independent Adviser determines that:

(i) *Successor Rate:* there is a Successor Rate, then such Successor Rate shall subsequently be used in place of the Screen Rate by reference to which the Interest Rate is to be determined for all future payments of interest on the Notes (subject to the operation of this Condition 5.6 (Benchmark Event) and Condition 5.5 (*Unavailability of the Screen Rate*); or

(ii) *Alternative Rate:* there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall subsequently be used in place of the Screen Rate by reference to which the Interest Rate is to be determined for all future payments of interest on the Notes (subject to the operation of this Condition 5.6 (Benchmark Event) and Condition 5.5 (*Unavailability of the Screen Rate*).

(c) If (i) the Issuer is unable to appoint an Independent Adviser; or (ii) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5.6 (*Benchmark Event*) prior to the date which is 10 Business Days prior to the relevant Quotation Date, the provision of Condition 5.5 (*Unavailability of Screen Rate*) will apply.

(d) If any Successor Rate or Alternative Rate is determined in accordance with this Condition 5.6 (Benchmark Event) and the Independent Adviser determines (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate or Alternative Rate (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall give notice thereof to the Noteholders in accordance with Condition 11 (*Notices*) and the Noteholders will have the right to amend these Conditions to to give effect to such Benchmark Amendments in accordance with Condition 12 (*Meeting of the Noteholders, Noteholders' Representative, Modification*).

5.7 Issuing Agent

The initial Issuing Agent and its initial office (the "**Specified Office**") are listed below.

Banca Finanziaria Internazionale S.p.A.
Via V. Alfieri, 1
31015 Conegliano (TV)
Italy

The Issuer reserves the right at any time to vary or terminate the appointment of any Issuing Agent, giving 60 days written notice, provided that it will at all times maintain, for so long as the

Notes are listed on any stock exchange or admitted to trading by any relevant authority, an Issuing Agent having its Specified Office in such place as may be required by applicable laws and regulations or the rules and regulations of the relevant stock exchange.

Notice of any change in the Issuing Agent or its Specified Office will promptly be given to the Noteholders in accordance with Condition 11 (*Notices*).

6. PAYMENTS

6.1 Payments in respect of Notes

Any payment to each Noteholder in respect of the Notes will be credited, according to the instructions of Monte Titoli, by the Paying Agent on behalf of the Issuer to the accounts of the Account Holders in whose accounts with Monte Titoli the Notes are held and thereafter credited by such Account Holders from such aforementioned accounts to the accounts of the beneficial owners of those Notes, all in accordance with the rules and procedures of Monte Titoli.

Payments will be subject in all cases to any tax or other laws or regulations applicable thereto, but without prejudice to the provisions of Condition 8 (*Taxation*) below. No commission or expenses shall be charged to the Noteholders in respect of such payments.

6.2 Payments on Business Days

If any due date for payment of principal or interest in respect of any Note is not a Business Day, then the Noteholder thereof shall not be entitled to payment of the amount due until the next following day which is a Business Day and shall not be entitled to any interest or other additional sums in respect of such postponed payment (*following business day convention – unadjusted*).

6.3 Paying Agent

The initial Paying Agent and its initial office (the "**Specified Office**") are listed below.

Banca Finanziaria Internazionale S.p.A.
Via V. Alfieri, 1
31015 Conegliano (TV)
Italy

The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent, giving 60 days written notice, provided that it will at all times maintain, for so long as the Notes are listed on any stock exchange or admitted to trading by any relevant authority, a Paying Agent having its Specified Office in such place as may be required by applicable laws and regulations or the rules and regulations of the relevant stock exchange.

Notice of any change in the Paying Agent or its Specified Office will promptly be given to the Noteholders in accordance with Condition 11 (*Notices*).

7. REDEMPTION AND PURCHASE

7.1 Final Redemption

Unless previously redeemed, or purchased and cancelled as provided in Condition 7.2 (*Redemption for Taxation Reasons*), Condition 7.3 (*Redemption at the Option of the Issuer*), Condition 7.4 (*Put Option*) and Condition 10 (*Events of Default*) below, the Notes will be redeemed by the Issuer at 100% of their Principal Amount Outstanding together with any interest accrued

and unpaid, at the Maturity Date, subject to the provisions of Condition 6 (*Payments*).

7.2 Redemption for Taxation Reasons

If:

(i) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after the Issue Date, on any Interest Payment Date the Issuer would be required to pay additional amounts as provided or referred to in Condition 8 (*Taxation*); and

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

the Issuer may at its option, having given not less than 30 (thirty) nor more than 60 (sixty) days' notice to the Noteholders in accordance with Condition 11 (*Notices*) (which notice shall be irrevocable) (the "**Tax Redemption Notice**"), redeem all the Notes, but not some only on the date falling on the 30th (thirtieth) Business Days following the date on which the Tax Redemption Notice has been delivered to the Noteholders at 100% of their Principal Amount Outstanding together with interest accrued to but excluding the relevant date of redemption, provided that no Tax Redemption Notice shall be given earlier than 90 (ninety) days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts, were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 7.2 (*Redemption for Taxation Reasons*), the Issuer shall deliver to the Issuing Agent and the Paying Agent to make available at its Specified Office to the Noteholders (i) a certificate signed by 2 (two) Authorised Signatories of the Issuer stating the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of the change or amendment.

7.3 Redemption at the option of the Issuer

The Notes may be redeemed at the option of the Issuer, in whole but not in part, with effect from any date from (and including) 31 December 2022 (the "**First Call Date**") on the Issuer's giving not less than 15 nor more than 30 Business Days' notice to the Noteholders, the Issuing Agent and the Paying Agent (which notice shall be irrevocable) ("**Call Option**").

If the Issuer exercises the Call Option, the Notes shall be redeemed on the date indicated in the notice sent by the Issuer – which shall fall not less than 15 nor more than 30 Business Days from the date on which the notice is sent by the Issuer – at a price equal to:

(i) 102% of the principal amount outstanding as at such date, together with the interest accrued and not paid at such date if the redemption occurs in the period starting from (and including) the First Call Date until (and excluding) 31 March 2023 (the "**Second Call Date**"); and

(ii) 100% of the principal amount outstanding as at such date, together with the interest

accrued and not paid at such date and any default interest if the redemption occurs from (and including) the Second Call Date until the Maturity Date.

7.4 Put Option

If a Put Event occurs, then each Noteholder shall have the option (but not the obligation) (a "**Put Option**") to require the Issuer to repurchase the Notes held by it, in whole or in part.

To exercise the Put Option, within 15 Business Days from the receipt of the Put Event Notice by the Noteholders (the "**Put Option Exercise Period**"), the Noteholder must deliver to the Issuing Agent and the Paying Agent a notice (a "**Put Notice**") in which the Noteholder must specify (i) the number of Notes held by it which the Noteholder wants to sell to the Issuer and (ii) the bank account to which payment is to be made under this Condition 7.4.

The Issuer will repurchase the Notes in respect of which a Put Notice has been received (the "**Put Option Notes**") on the date falling on the 30th (thirtieth) Business Days following the date on which the Put Option Exercise Period elapsed (the "**Put Option Redemption Date**"). On the Put Option Redemption Date, the Issuer shall repurchase all the Put Option Notes at 100% of their Principal Amount Outstanding together with any interest accrued and unpaid.

If any Noteholder does not exercise the Put Option during the Put Option Exercise Period, such Noteholder shall be deemed to have waived its rights to exercise the Put Option in respect of the relevant Put Event, but not in respect of any subsequent Put Event which might occur.

Upon delivery of a Put Notice and up to and including the Put Option Redemption Date, no transfer of title to the Notes for which the Put Option has been exercised will be allowed. A Put Notice given by a Noteholder shall be irrevocable except where, prior to the Put Option Redemption Date, an Event of Default has occurred and is continuing in which event such Noteholder, at its option, may elect by notice to the Issuer to withdraw the Put Notice.

7.5 No other redemption

The Issuer shall not be entitled to early redeem the Notes otherwise than as provided in Condition 7.2 (*Redemption for Taxation Reasons*), Condition 7.3 (*Redemption at the option of the Issuer*), Condition 7.4 (*Put Option*) and Condition 10 (*Events of Default*).

7.6 Cancellations

All Notes which are (i) purchased by the Issuer or any of its Subsidiaries or (ii) redeemed shall be cancelled and may not be reissued or resold. Any Notes so purchased, while held by or on behalf of the Issuer or any of its Subsidiaries, shall not entitle the holder to vote at any meeting of Noteholders in accordance with Condition 14.1 (*Meetings of Noteholders, Representative of the Noteholders, Modification*) and the Agency Agreement.

7.7 Final Notices

Upon the expiry of any notice as is referred in Conditions 7.2 (*Redemption for Taxation Reasons*), 7.3 (*Redemption at the Option of the Issuer*) and 7.4 (*Put Option*), the Issuer shall be bound, as the case may be, to redeem or repurchase the Notes to which the notice refers in accordance with the terms of such Conditions. If a notice of redemption is given by the Issuer pursuant to these Conditions and a Noteholder delivers a Put Notice pursuant to Condition 7.4 (*Put Option*), the first in time of such notices shall prevail.

8. TAXATION

8.1 Payment without Withholding

(a) All payments of principal, premium and interest by or on behalf of the Issuer in respect of the Notes shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by any of the Relevant Jurisdiction or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event the Issuer shall pay such additional amounts as necessary in order to ensure that the net amounts received by the Noteholders will be equal to the amounts which would have been received by them had no such withholding or deduction been required.

(b) Notwithstanding the foregoing, no additional amounts indicated in paragraph (a) shall be payable in respect of any Note:

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

(ii) by or on behalf of a holder of the Notes who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or residence or other similar claim for any exemption granted either under domestic and treaty law; or

(iii) by or on behalf of a non-Italian resident, to the extent that interest or any other amount is paid to a non-Italian resident which is not resident in one of the States allowing an adequate exchange of information with the Italian tax authorities (as currently listed in the Italian Ministerial Decree of 23 March 2017); or

(iv) in all circumstances in which the requirements and procedures of the Italian Legislative Decree No. 239 of 1 April 1996 ("**Decree 239**") and related implementing rules have not been properly and promptly met or complied with except where such requirements, procedures and/or implementing rules have not been met or complied with due to the actions or omissions of the Issuer or its agents; or

(v) for any amounts required to be withheld or deducted pursuant to sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 (as amended, any regulation or agreement thereunder, any intergovernmental agreement or implementing legislation adopted by another jurisdiction in connection with those provisions or any agreement with the U.S. Internal Revenue Service).

8.2 Additional Amounts

Any reference in these Conditions to any amounts of principal and interest in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under Condition 8.1 (*Taxation*).

9. PRESCRIPTION

Claims in respect of principal and interest will become void unless presentation for payment is

made as required by Condition 6 (*Payments*) within a period of 10 (ten) years in the case of principal and 5 (five) years in the case of interest from the appropriate Relevant Date, subject to provisions of Condition 6 (*Payments*).

10. EVENTS OF DEFAULT

If any of the following events occurs:

(i) ***Non-payment***: default is made in the payment of any principal or interest in respect of the Notes or any of them on the due date for payment thereof and the default continues for a period of 5 (five) Business Days in the case of principal or 7 (seven) Business Days in the case of interest; or

(ii) ***Breach of financial covenants:*** the Issuer fails to comply with any of the financial covenants set forth in Condition 4.3 (*Financial Covenants*) at the relevant Determination Date, save in the event such breach is cured through an Equity Remediation pursuant to and in accordance with Condition 4.3 (*Financial Covenants*); or

(iii) ***Breach of other obligations***: the Issuer fails to perform or observe any of its other obligations under or in respect of the Notes under these Conditions (other than the payment obligations provided for under Condition 10(i) above and the obligation set forth in Condition 4.7 (*Limitations on extraordinary transactions*)) and (except in any case where the failure is incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 (thirty) calendar days following the service by any Noteholder, either to the Issuer or to the Specified Office of the Paying Agent, of a written notice thereof addressed to the Issuer requiring the same to be remedied; or

(iv) ***Cross-default***: **(a)** any Indebtedness of the Issuer or any of its Material Subsidiaries is declared (or is capable of being declared) to be due and repayable prior to its stated maturity by reason of any actual or potential event of default (however described); or **(b)** the Issuer or any of its Material Subsidiaries fails to make any payment in respect of any Indebtedness on the due date for payment as extended by any applicable grace period or any waiver previously granted to the Issuer or any of its Material Subsidiaries; or **(c)** any Security Interest given by the Issuer or any of its Material Subsidiaries for any Indebtedness becomes enforceable or is enforced; or **(d)** default is made by the Issuer or any of its Material Subsidiaries in making any payment when due or (as the case may be) within any originally applicable grace period or any waiver previously granted to the Issuer or any of its Material Subsidiaries under any guarantee and/or indemnity given by it in relation to any Indebtedness, provided that the aggregate amount of the Indebtedness, guarantees and/or indemnities in respect of which one or more of the events mentioned in this paragraph (iii) have occurred individually or in the aggregate equals or exceeds Euro 5,000,000 (or its equivalent in any other currency or currencies); or

(v) ***Winding up, etc.***: an order is made by any competent court or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Material Subsidiaries; or

(vi) ***Cessation of business***: the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on all or a Substantial Part of its business; or

(vii) ***Insolvency/Composition***: if the Issuer or any of its Material Subsidiaries:

(a) is, or is likely to become, insolvent or unable to pay its debts as they fall due; or

(b) stops or suspends (or threatens to stop or suspend) payment of all or a part of, or admits in writing its inability to, its debts; or

(c) becomes subject to any liquidation, insolvency, composition, reorganisation or other similar proceedings (including, without limitation, *amministrazione straordinaria, amministrazione straordinaria delle grandi imprese in stato di insolvenza, liquidazione coatta amministrativa*) or application is made for the appointment of an administrative or other receiver, administrator, liquidator or other similar official (and such application for any such appointment is not discharged within 30 (thirty) calendar days) or an administrative or other receiver, administrator, liquidator or other similar official is appointed in relation to the Issuer or any of its Material Subsidiaries or, as the case may be, in relation to the whole or a Substantial Part of the business or assets of any of them; or

(d) takes any action for a general readjustment or deferment of all of (or of a particular type of) its debts or proposes or makes or enters into a general assignment or an arrangement or composition with or for the benefit of its creditors or any class of its creditors; or

(e) declares or proposes a moratorium in respect of or affecting all or any part of its Indebtedness; or

(viii) ***Enforcement proceedings***: a distress, attachment, execution or other legal process is levied, enforced upon or sued out on or against all or a Substantial Part of the property, assets or revenues of the Issuer or any of its Material Subsidiaries and is not discharged or stayed within 30 (thirty) calendar days; or

(ix) ***Unsatisfied judgment***: one or more judgment(s) or order(s) for the payment of any amount in excess of Euro 7,500,000 (or its equivalent in other currencies), whether individually or in aggregate, is rendered against the Issuer or any of its Subsidiaries, becomes enforceable in a jurisdiction where the Issuer or any of its Subsidiaries are incorporated and continue(s) unsatisfied and unstayed for a period of 30 (thirty) calendar days after the date(s) thereof or, if later, the date therein specified for payment; or

(x) ***Material litigation****:* any litigation, arbitration, administrative or regulatory proceeding or action or labour claim is commenced by or against the Issuer or any of its Subsidiaries or any of their respective assets which, if adversely determined, has or would be expected to result in a Material Adverse Event; or

(xi) ***Certification of financial statements:*** in relation to the certification of the Non-Consolidated Annual Financial Statement and the Consolidated Annual Financial Statements of the Issuer to be carried out by a statutory auditor, such auditor issues an adverse opinion, an opinion with remarks or a declaration of inability to express an opinion or it does not issue any certification; or

(xii) ***Ineffectiveness, invalidity or illegality****:* the performance of, or compliance with, the obligations arising from the Notes become ineffective, invalid or illegal; or

(xiii) ***Material Adverse Event:*** the occurrence of a Material Adverse Event; or

(xiv) ***Termination of the Service Contract:*** the termination, forfeiture, revocation, resolution or expiry (*decadenza, risoluzione, revoca, recesso or scadenza*) (both if at the stated maturity or anticipated) of the Service Contract pursuant to the terms set forth therein or as a result of the Issuer exercising its rights of withdrawal under the Service Contract, unless the Issuer continues to carry out the services set out by the Concession granted to it by the Grantor under a contract having substantially the same terms and conditions of the Service Contract; or

(xv) ***Termination of the Concession:*** the termination, annulment, suspension, revocation, expiry or cessation of effectivness (*risoluzione, annullamento, sospensione, revoca, scadenza or cessazione di efficacia*) of the Concession; or

(xvi) ***Analogous event***: if any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in this Condition,

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

11. NOTICES

So long as the Notes are held by Monte Titoli on behalf of the authorised financial intermediaries and/or their customers, notices to the Noteholders will be valid if delivered through the systems of Monte Titoli.

So long as the Notes are listed on the regulated market of the Irish Stock Exchange, any notice to the Noteholders shall also be delivered to the Irish Stock Exchange, if required under the rules of the relevant regulated market.

Any notice to the Noteholders shall be deemed to have been given on the date of the relevant delivery.

12. MEETING OF NOTEHOLDERS, NOTEHOLDERS' REPRESENTATIVE, MODIFICATION

12.1 Meetings of the Noteholders

In accordance with article 2415 (*"Assemblea degli obbligazionisti"*) of the Italian Civil Code, the meeting of the Noteholders (the "**Meeting of the Noteholders**") is competent to decide on the following matters:

(a) the appointment and revocation of the Noteholders' representative (*rappresentante degli obbligazionisti*) (the "**Noteholders' Representative**");

(b) any amendment to the Conditions;

(c) any proposal of the Issuer for a restructuring plan (*concordato*) or controlled administration plan (*amministrazione controllata*);

(d) the setting-up of a fund for the expenses necessary to protect the common interests of the Noteholders and the approval of the balance sheet relating to such fund; and

(e) any other matter relating to the common interests of the Noteholders.

The Meeting of the Noteholders may be convened by (i) the Board of directors of the Issuer or (ii) the Noteholders' Representative (if appointed) when they deem it necessary or when requested by Noteholders holding at least 5% (five per cent.) of the outstanding Notes.

Notwithstanding the provisions of article 2415, third paragraph, of the Italian Civil Code any Meeting of the Noteholders will be validly held if there are one or more persons present being or representing Noteholders holding at least 50.1 per cent of the outstanding Notes at that time.

Notwithstanding the provisions of article 2415, third paragraph, of the Italian Civil Code, and subject to mandatory laws, legislation, rules and regulations of Italy in force from time to time and the provisions set out under the articles of association and/or by-laws of the Issuer, the majority required to pass a resolution at any meeting (including any adjourned meeting) convened to vote on any resolution will be one or more persons holding or representing at least 50.1 per cent of the outstanding Notes at that time. The minutes of the Meeting of the Noteholders shall be filed with the Companies' Register by the notary in charge of drafting such minutes.

If the Notes are registered with a clearing and depository system (*sistema di gestione accentrata*), the participation and exercise of voting rights at the Meeting of the Noteholders shall be governed by special laws. Following the admission to trading of the Notes on the regulated market of the Irish Stock Exchange, any financial intermediary or Account Holder with whom the Notes are registered will deliver to the Noteholders a notice certifying their right to attend and vote at the Meetings of the Noteholders, in accordance with article 83-*sexies* of Consolidated Financial Act and the applicable implementing provisions.

If it holds Notes, the Issuer is not entitled to participate in the decisions of the Meeting of the Noteholders. The directors, auditors and members of the Board of directors of the Issuer are authorised to attend the Meeting of the Noteholders.

12.2 Noteholders' Representative

Pursuant to Articles 2415 and 2417 of the Italian Civil Code, a representative of the Noteholders (*rappresentante comune* or the "**Noteholders' Representative**") may be appointed, *inter alia*, to represent the interests of Noteholders, such appointment to be made by a resolution of the Meeting of the Noteholders or by an order of a competent court at the request of one or more Noteholders or the Issuer. Each such Noteholders' Representative shall have the powers and duties set out in Article 2418 of the Italian Civil Code.

12.3 Modifications and waivers

Any amendment and/or waiver to these Conditions may be approved only with the consent of the Issuer and the Noteholders, acting pursuant to a resolution of the Meeting of the Noteholders in accordance with Condition 12 (*Meeting of the Noteholders, Noteholders' Representative, Modifications and waivers*).

13. ROUNDING

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions), all figures resulting from such calculations will be rounded, if necessary, to the nearest euro cent (with half a euro cent being rounded upwards).

14. GOVERNING LAW AND JURISDICTION

14.1 Governing Law

The Agency Agreement, the Notes and any non-contractual obligations arising out of or in connection therewith are governed by, and construed in accordance with, Italian law.

14.2 Jurisdiction

The courts of Milan shall have exclusive jurisdiction to settle any disputes (including all non-contractual obligations arising out or in connection with the Notes) that may arise out of or in connection with the Notes.

SCHEDULE A

Compliance/No Default Certificate

[DATE]

RE: "Euro 90,000,000 Senior Unsecured Floating Rate Notes due 23 Feruary 2028" (the "Notes") issued on 23 February 2022 (the "Issue Date") by Alia Servizi Ambientali S.p.A. (the "Issuer") (ISIN: IT0005467680) – Compliance/No Default Certificate

We make reference to the terms and conditions of the Notes (the "**Conditions**"). Capitalised terms not otherwise defined herein shall have the meaning ascribed to them in the Conditions. Pursuant to paragraph (iii) of Condition 4.4 (*Information covenants*), we, the undersigned, being 2 (two) Authorised Signatories of the Issuer, hereby confirm that, as at the date hereof (being a Certification Date):

(i) the Non-Consolidated Annual Financial Statements of the Issuer and the Consolidated Annual Financial Statements of the Issuer in respect of the last Relevant Period give a true and fair view of the financial condition of the Issuer and of the Group as at the end of such Relevant Period and of the results of its operations during such period;

(ii) the Issuer complies with the covenants contained in Condition 4.3 (*Financial Covenants*) with respect to the last Relevant Period;

(iii) no Put Event occurred during the last Relevant Period and/or is continuing; *[if a Put Event occurred and is continuing, please set out the steps being taken to remedy it]*

(iv) no Event of Default has occurred during the last Relevant Period and/or is continuing; *[if an Event of Default occurred and is continuing, please set out the steps being taken to remedy it]*

(v) to the best of the Issuer's knowledge, having made all due enquiries, there have been no events, developments or circumstances that would materially affect the Issuer's ability to certify the statements set out in items (i) to (iv) above on the basis of the Issuer's and the Group's financial conditions as at the date hereof and its results of operations since the last Determination Date; and

(vi) the Material Subsidiaries are the following:

[•].

Yours faithfully,

Alia Servizi Ambientali S.p.A.

_____

Name:

Capacity:

_____

Name:

Capacity:

DESCRIPTION OF THE ISSUER

Overview

Alia Servizi Ambientali S.p.A. ("**Alia**", the "**Issuer**" or the "**Company**" and together with its subsidiaries described below, the "**Group**") has been incorporated on 13 March 2017, following the merger by incorporation (the "**Merger**") of Quadrifoglio S.p.A. (former urban waste manager in the Florentine area, "**Quadrifoglio**") with A.S.M. S.p.A. ("**ASM**"), Publiambiente S.p.A. ("**Publiambiente**") and CIS S.r.l. ("**CIS**"), as a joint stock company (*società per azioni*) according to the provisions of the Italian Civil Code, having its registered office at Via Baccio da Montelupo 52, 50142 Florence (Italy), telephone number +39 0550041, and VAT no. 04855090488.

In addition to the headquarters in Via Baccio da Montelupo 52, there are 17 secondary local units, including treatment plants, waste collection facilities and various storage units for vehicles in the 58 municipalities in which the Company provides its services, all located in the provinces of Florence, Prato and Pistoia.

Pursuant to its by-laws (*statuto*), the Company's term of incorporation shall last until 31 December 2060, subject to extension, to be approved by resolution of the shareholders' meeting.

Alia's corporate purpose is the management of municipal waste, as described below. The other subsidiaries (i) operate as suppliers to Alia, providing support services to the core business (waste management), and (ii) are excluded from the TARI collection process carried out exclusively by the issuer for 38 of the 58 municipalities included in the Service Contract. The service is operated as a concession (ARERA regulated services). Other commercial services such as special and dangerous waste management (including collection, treatment and recovery) are provided by the Group on the basis of specific arrangements with counterparties, including local authorities, companies and individuals.

The Group may also carry out any other activity, transaction or service pertaining to or connected with the management of the above-mentioned services, without exception, including the study, designing, implementation and management of specific plants, either directly or indirectly.

As better specified below, in the financial year ended on 31 December 2020, the Company collected approximately 835,000 tons of waste, generated EUR 304.9 million in revenues and EUR 12.6 million in EBITDA.

History and development of Alia and the Group

The history of the Company began on 1 October 1955 with the establishment, by the municipality of Florence, of the so-called Azienda Comunale ASNU, initially dedicated only to waste collection services and, afterwards, also to street sweeping.

In 1988, the Azienda Comunale ASNU was renamed Fiorentinambiente, Azienda Speciale per i Servizi Ambientali del Comune di Firenze. In the same period, the range of environmental services provided to the municipality of Florence was expanded and the first forms of separate waste collection started.

In 1997, the municipalities of Calenzano, Campi Bisenzio, Sesto Fiorentino (and Signa since 1999) joined the municipality of Florence for waste collection services, establishing a consortium which on 1 July 2000 became "*Quadrifoglio Servizi Ambientali Area Fiorentina S.p.A.*".

In 1998, the selection and composting plant of Case Passerini became operational.

In 2011, Quadrifoglio and S.a.Fi. S.p.A., the municipal company providing environmental services in the municipalities of Bagno a Ripoli, Fiesole, Greve in Chianti, Impruneta, San Casciano V.P., Scandicci and Tavarnelle V.P. were merged. As a result, the municipalities of Bagno a Ripoli, Fiesole, Greve in Chianti, Impruneta, San Casciano Val di Pesa, Scandicci and Tavarnelle Val di Pesa became part of the municipalities supplied by Quadrifoglio, as well as of its corporate structure.

By Tuscany Regional Law No. 69 of 28 December 2011, the Authority for the Integrated Urban Waste Management Service (*Autorità per il Servizio di Gestione Integrata dei Rifiuti Urbani*) ATO Toscana Centro (the "**ATO**" or "**ATO Toscana Centro**") was established and, as of 1 January 2012, the functions (originally attributed to the municipalities of the provinces of Florence, Prato and Pistoia) relating to the organisation, custody and control of the integrated management service of urban and other waste were assigned to the ATO.

By Resolution (*Determinazione*) of ATO's General Director No. 7 of 29 November 2012, pursuant to Article 202 of Legislative Decree No. 152/2006 and to Article 26, paragraph 1, of Regional Law No. 61/2007, the ATO decided to launch a call for tenders aiming at granting to one single entity the concession (the "**Concession**") of the integrated management service of urban waste ("*Restricted procedure for the awarding in concession of the integrated management service of urban waste (CIG 4726694F44)*") (the "**Tender**").

On 26 February 2013, the main municipal shareholders of Quadrifoglio, ASM, Publiambiente and CIS signed the "*Memorandum of understanding for the participation in the tendering procedure and the aggregation of local waste management companies*" concerning the establishment of a temporary group of companies (*Raggruppamento Temporaneo di Imprese* or "**RTI**") for the purpose of taking part in the Tender.

The service was then awarded to the RTI, of which Quadrifoglio was the final representative, by virtue of ATO's Resolution No. 67, adopted on 8 July 2016. Following the award of the Tender, Quadrifoglio, Publiambiente, ASM and CIS formally established the RTI on 28 July 2016.

In a subsequent communication dated 22 August 2016, the ATO clarified that, in line with the aforementioned Resolution of ATO's General Director No. 7 of 29 November 2012, the successful bidder in the Tender should have been incorporated as one single entity within 60 days (failing which, the award would have been jeopardised), considering the merger by incorporation pursuant to Article 2501 of the Italian Civil Code between Quadrifoglio and the other companies participating in the RTI compliant with the provisions of Article 26 of Tuscany Regional Law No. 61/2007 as well as with Article 9.1.1 of the letter of invitation to the tender (the "**Letter of Invitation**").

Following the completion of the Merger, Alia entered into a 20-year service contract (the "**Service Contract**") with the ATO for the management of the integrated urban and similar waste service.

Following the Merger, as described above, the following companies belonging to the previously established RTI were incorporated into Alia:

- Publiambiente, the municipal company providing environmental services in 26 municipalities, including Pistoia and Empoli, supplying a total of 412,000 citizens, spread over an area of 1,859 km², managing 205,000 tons of waste, 476 employees, 3 operating plants and over 230 vehicles;

- ASM, the municipal company providing environmental services in 7 municipalities, including Prato, supplying a total of 253,000 citizens, spread over an area of 366 km², managnig 174,000 tons of waste, 287 employees, 1 operating plant and over 180 vehicles;

- CIS, the municipal company providing environmental services in 4 municipalities for a total of 63,000 citizens, spread over an area of 106 km², managing 33,000 tons of waste, 90 employees and about 50 vehicles.

Current structure of the Group

Alia holds several shareholdings in companies operating in the urban hygiene sector in Tuscany, acquired from time to time in order to meet operational needs and/or exploit opportunities to enhance its activities.

Subsidiaries:

As at the date of this Prospectus, the Issuer's subsidiaries are:

- Programma Ambiente S.p.A., a wholly-owned subsidiary which operates in the field of special waste management, in particular the collection and disposal of waste generated by companies in the manufacturing sector in Prato, of excavated soil and rocks and of asbestos. On 13 July 2021, Alia's Board of Directors approved the plan for the merger of Programma Ambiente S.p.A. into Alia. The transaction will be effective from 1 January 2022;

- Programma Ambiente Apuane S.p.A., an 80% owned company which is indirectly controlled through Programma Ambiente S.p.A. and operates in the management of a landfill for non-dangerous inert waste and asbestos cement products;

- Q.tHermo S.r.l., a wholly-owned subsidiary which is a special purpose company set up following the public evidence procedure (*procedura a evidenza pubblica*) to select a technology partner to carry out the design, construction and management of Case Passerini Waste-to-energy Plant in the Municipality of Sesto Fiorentino; the company was merged by incorporation into the parent company Alia S.p.A. with legal effect from 13 October 2021 and the accounting and tax effects backdated to 1 January 2021.

- Q.Energia S.r.l., a wholly-owned subsidiary which operates in the energy sector. Its activity exclusively concerns the production of electricity by managing the plant for the recovery and use for energy purposes of the biogas produced by the S. Martino a Maiano landfill (Certaldo, Florence); the company was merged by incorporation into the parent company Alia S.p.A. with legal effect from 13 October 2021 and accounting and fiscal effects backdated to 01/01/2021.

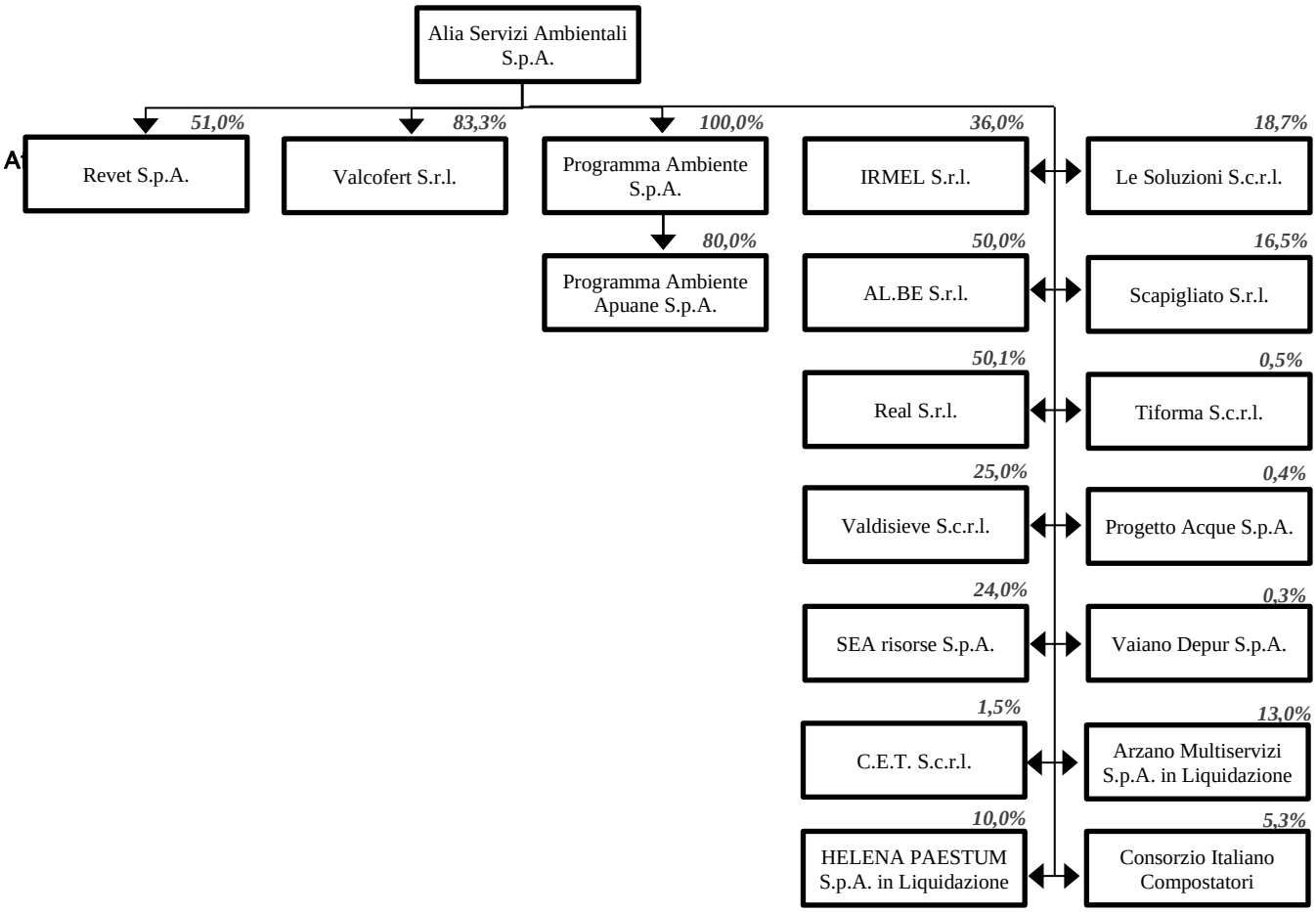
- Revet S.p.A., a 51% owned company which operates in the waste sector, supplying over 80% of the population of Tuscany. Its activity includes collection, selection and arrangement for recycling of plastic, aluminium, steel, glass, and polycoupled packaging (such as tetrapak) deriving from separate urban and production activity's waste collections;

- Valcofert S.r.l., a 83.3% owned company since July 2021 which operates in the soil and agriculture fertilizer industry. It deals with the production and marketing of soil conditioners, fertilisers and potting soils in general, deriving from organic matrices coming from separate waste collection.

With respect to ALIA's portfolio of shareholdings, Revet S.p.A. is the only material subsidiary (*i.e.*, 26.2% of the 2020 EBITDA), based on the comparison of its EBITDA with that of the parent company. No financial relationships, but only commercial relationships, currently exist between the two companies.

The corporate organisation chart below summarises the shareholdings held by Alia in its subsidiaries as at the date of this Prospectus. As mentioned below, on 13 October 2021, the companies Q.tHermo S.r.l. and Q.Energia S.r.l. merged into Alia.

The chart below illustrates the Alia's subsidiaries:



As at the date of this Prospectus, the Issuer's affiliates are:

- ALBE S.r.l., a 50% owned company established in April 2018 together with Belvedere S.p.A. (50%) in order to design, build and manage plants for the treatment of municipal solid waste and special waste through biological (especially anaerobic) processes of organic matrices;
- Irmel S.r.l., a 36% owned company, which operates in the field of waste originating from building demolition. It deals with inert waste recovery and preparation of materials for recycling;
- SEA risorse S.p.A., a 24% owned company, which is a mixed public-private company specialised in the complete management of the differentiated waste cycle in the Municipalities of Viareggio and Camaiore;
- REAL S.r.l., a company incorporated with the Relife Group (where Alia holds 50.01% and Relife holds 49.99% of the share capital), which was set up on 4 November 2019 and operates in the sector of selection and valorisation of cellulosic fractions deriving from separate collection;
- Valdisieve Scrl, a 25% owned company holding shares of companies operating in the waste sector.

Alia's activities and the activities of the Group

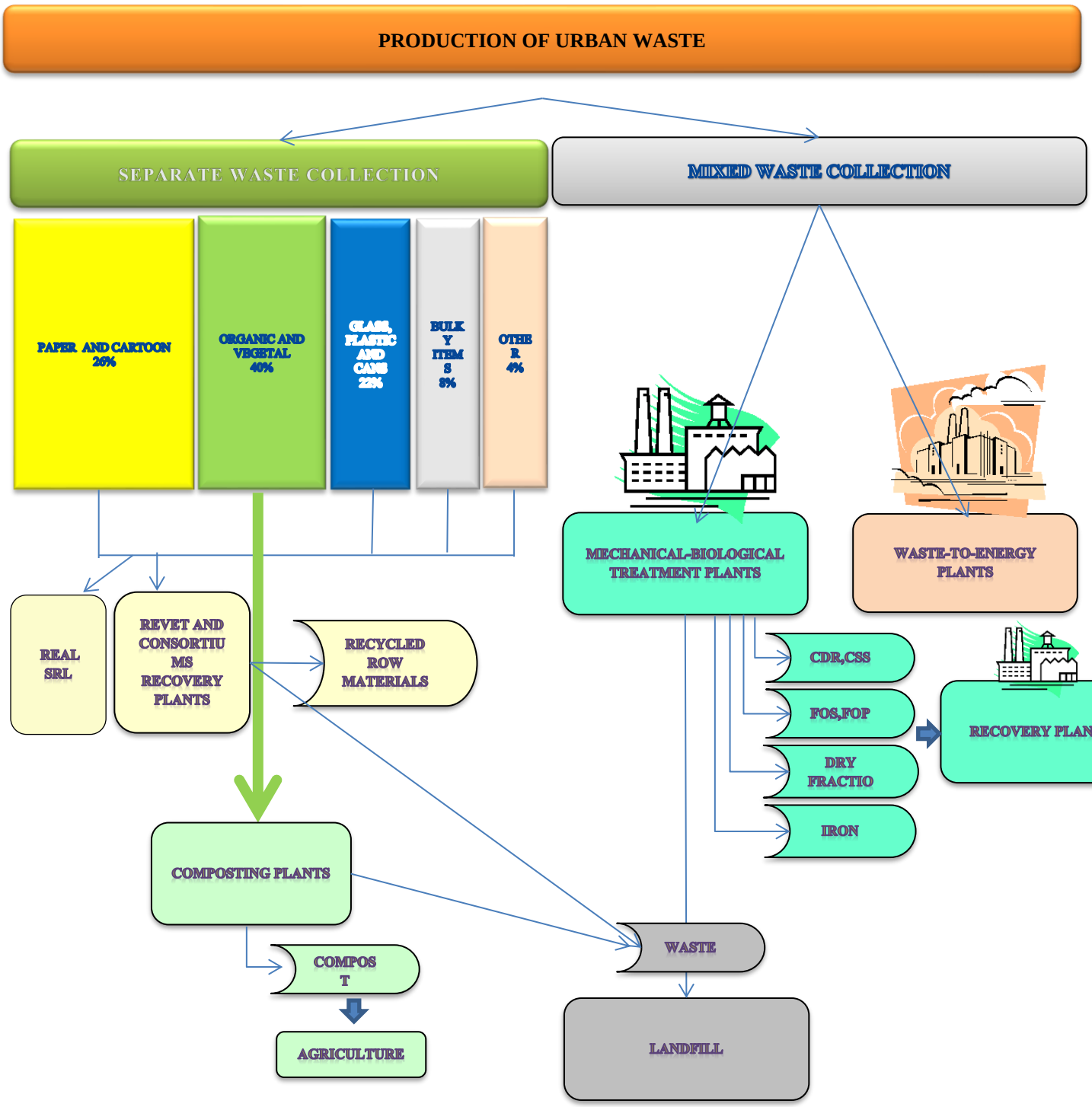
Regulated services

Alia provides for environmental services in the 58 Municipalities serving a total of almost 1.5 million citizens. As of 31 December 2020, the Company managed approximately 835,000 tons of waste, 2,400 employees and over 1,000 vehicles. In addition, in 2020 the Company was able to reach a 66% level of separate waste collection. In terms of annual turnover for the financial year ended 31 December 2020, Alia ranks 5th among the waste management companies in Italy.

The Company's principal area of business is the supply of the following services:

- collection of solid urban and assimilated waste;
- waste treatment and disposal;
- periodic cleaning of waste containers;
- cleaning of streets, markets and public green spaces;
- TIA/Tares/TARI management (voluntary and mandatory collection and assessment activities);
- pest and rat control in public areas;
- collection of bulky waste at home;
- management of ecological stations/collection centres;
- control over and imposition of sanctions for violations of municipal waste management regulations approved by each individual Municipality.

The table below shows the integrated waste cycle as managed by Alia, which also represents a summary of the Company's business model.


PRODUCTION OF URBAN WASTE
SEPARATE WASTE COLLECTION
MIXED WASTE COLLECTION
PAPER AND CARTOON 26%
ORGANIC AND VEGETAL 40%
GLASS, PLASTIC AND CANS 22%
BULKY ITEMS 8%
OTHER 4%
MECHANICAL-BIOLOGICAL TREATMENT PLANTS
WASTE-TO-ENERGY PLANTS
REAL SRL
REVET AND CONSORTIUMS RECOVERY PLANTS
RECYCLED ROW MATERIALS
CDR,CSS
FOS,FOP
DRY FRACTIO
IRON
RECOVERY PLANT
COMPOSTING PLANTS
COMPOST
AGRICULTURE
WASTE
LANDFILL

Alia's business model is aligned with the integrated waste cycle where two components, being separate waste and mixed waste collection, constitute the initial phase of the waste management process and determine two distinct flows: the first, relating to separate waste collection, is aimed at maximising the recovery of materials and minimising waste; the second, relating to mixed waste collection, involves more mechanical and biological treatment or disposal with energy recovery.

In support of its core business, the Company carries out territorial hygiene services (manual and mixed sweeping, maintenance of public green spaces, market cleaning) and related services (e.g. emergencies, cleaning of rivers and streams, collection of dead animals, other services).

Other commercial services

In addition to the regulated services relating to waste collection and disposal, the Group provides for commercial services or specific additional services, outside the scope of the urban hygiene tariff, available to public entities, private companies and individuals upon payment. These additional services are mainly addressed to corporate customers and may include, without limitation, the collection and treatment of special or dangerous waste and the rental of equipment and facilities for separate waste collection.

Strategy of the Group

The Group's strategic objective is the transition from a waste disposal approach to an effective circular waste economy, through services, means and facilities providing an adequate response to customers' needs and expectations.

In light of the above, the Group's corporate mission is to design and implement waste management services considered to be effective and efficient from an economic, social and environmental perspective, and that are constantly subject to improvement. The Group aims to exceed the expectations of its stakeholders and considers it is essential to invest in human resources, whose selection and skills are deemed relevant in order to pursue an effective circular waste economy, i.e. a system gradually increasing the productivity of recycled material, limiting waste and pollution.

For this reason, the Group:

- aims to involve human resources, by encouraging the development of skills and competencies, and the improvement of professional profiles;

- seeks to foster partnerships with suppliers and customers to improve the quality of its service;

- pursues technological innovation and upgrades of vehicles, equipment, plants and supporting infrastructures in order to achieve more efficient services for its customers; and

- implements a careful expansion of activities and processes, also in cooperation with other entities, so as to ensure financial stability and adequate cash flows to support investments.

During 2020, with regard to the theme of bieconomics, Alia developed a series of experimental projects concerning waste treatment plants. In particular, in the composting plant of Casa Sartori a technological modernisation is being implemented in order to improve the opportunities to recycle organic waste, producing high quality compost to be employed in agriculture as a fertiliser; this transformation becomes possible thanks to anaerobic digestion, which consists of a natural biological process, through which, in the absence of oxygen, organic material is transformed into biogas. Every year, therefore, it will be possible to obtain, against an input flow of 160,000 tons of organic waste, 25,000 tons of compost and 11 million cubic meters of biomethane. The project has obtained the Integrated Environmental

Authorisation (*Autorizzazione Integrata Ambientale*) by Decree No. 17031 of 23 October 2020 and the plant is expected to become operational in 2022.

By 2022, Albe S.r.l. (50% owned by Alia) plans to build a new biomethane plant for the recovery of the organic fraction, in order to produce biomethane and quality compost. By means of the Forsu anaerobic digestion and green and subsequent composting in biocells, soil improvers and fertilisers for agriculture will be produced, as well as biomethane which, once introduced into the distribution network, will feed a distributor of methane. "Plug-Flow" dry technology will be used, and it will be possible to open on receipt the bags containing organic and green waste, so that foreign fractions, such as plastics, may be removed. Every year, against an input flow of 105,000 tons, therefore, 20,000 tons of compost and 7,5 million of biomethane will be produced. As at the date of this Prospectus, the project has obtained the Single Authorisation (*Autorizzazione Unica*) by Decree No. 16732 of 20 October 2020.

The Service Contract

On 31 August 2017, the ATO and the Company entered into the service contract for the integrated management of municipal waste (hereinafter the "**Service Contract**").

By way of Resolution no. 17/2020, the assembly of the ATO resolved to incorporate the ARERA MTR (as defined below) into the Concession on the assumption that this was an "*unforeseeable circumstance*", pursuant to Article 175 of Legislative Decree no. 50/2016 and, as such, suitable for amending the Concession in relation to the tariff mechanisms and the determination of the consideration. Moreover, the same *rationale* has supported the adjustment of the Service Contract to the regulatory and contractual mechanisms, consequent and connected with the MTR (as defined below) as per Resolution no. 443 (as defined below); subsequently, by means of Resolutions no. 11/2021 of Alia's Board of Directors and no. 7/2021 of the Assembly of the ATO, such parties formalised the amendments to be made to the Service Contract.

On 6 October 2021 (*repertorio* no. 28183) ATO and Alia signed the supplement to the Service Contract.

Regulatory background

On 30 October 2008 the Municipalities of the provinces of Florence, Prato and Pistoia, pursuant to Articles 24, paragraph 1, and 25 of Regional Law no. 61 of 22 November 2007, proceeded to the constitution of the so-called Area Community *Comunità d'Ambito* (hereinafter, also the "**Community**") which was responsible, pursuant to Article 201 of Legislative Decree no. 152 of 3 April 2006 (hereinafter, also the "**Decree**"), for the organization, the entrusting and the control of the integrated management service of the urban waste.

By way of deed no. 5 of the Assembly of the Consortium (now the Community) of 5 March 2009, the Community launched the procedures for identifying the manager and approved the necessary documents for the tender procedure; by way of deed no. 1 of 13 January 2010 of the Assembly of the Consortium, the Community approved the definition of the form for the award of the public integrated waste management service as described in Article 23-*bis*, paragraph 2, letter a) of Legislative Decree no. 112/2008, as replaced by Article 15 of Legislative Decree no. 135/2009, converted into Law no. 166/2009.

Tuscany Regional Law no. 69 of 28 December 2011 established the Authority for the public integrated waste management service ATO Toscana Centro, which, as of 1 January 2012, has been granted the functions, originally reserved to the Community, relating to the organisation, to the award and control of the public integrated urban waste management service within the optimal territorial area represented by

the municipalities falling within the provinces of Florence, Prato and Pistoia, with the exclusion of the Municipalities of Marradi, Palazzuolo sul Senio and Firenzuola; by means of the same Tuscany Regional Law no. 69/2011, as of 1 January 2012, ATO took over the procedures for the awarding of the service to the sole manager already started by the pre-existing Community.

By means of a call for tenders published in the OJEU on 5 December 2012, S/234 and in the GURI, V special series, 7 December 2012, no. 143, ATO called the *"Restricted procedure for the awarding in concession of the integrated municipal waste management service*" ("*Procedura ristretta per l'affidamento in concessione del servizio di gestione integrata dei rifiuti urbani"*).

By the Assembly's Resolution no. 4 of 24 April 2013, ATO Toscana Centro defined the plants subject to management by the Area Manager; by the Assembly's Resolution no. 2 of 7 February 2014, ATO Toscana Centro approved the Area Plan; on 13 July 2016 by means of the resolution of the General Manager no. 67, ATO definitively awarded, pursuant to Article 202 of Legislative Decree no. 152/2006 and Article 26 of Tuscany Regional Law no. 61/2007, to the group formed by: Quadrifoglio (agent), ASM (principal), Publiambiente (principal), CIS (principal), the service of integrated management of urban waste.

Pursuant to Article 26, paragraph 5, of Regional Law no. 61/2007, the winning consortium, in order to operate as a unit in the performance of this Service Contract, has proceeded, by notarial deed of 24 February 2017, *repertorio* no. 22525/9626, registered in Florence on 27 February 2017 under no. 5849, series 1T, with the merger by incorporation of ASM, Publiambiente and CIS into Quadrifoglio, which has simultaneously changed its name to Alia Servizi Ambientali S.p.A.

As a result of the Merger, therefore, Alia from 13 March 2017 represents the sole company for the management of the service, thus achieving the effects required by Article 26, paragraph 5, of Regional Law no. 61/2007 and by point III.1.3 of the call for Tender.

By the Assembly's Resolution no. 9 of 20 July 2017, ATO approved the text of the Service Contract on the concession of the integrated municipal waste management service and the regulation of the mutual rights and obligations arising from such a concession.

Alia and ATO Toscana Centro executed, before the Notary Public Cambi on 31 August 2017, *repertorio* no. 23275/10029 registered in Florence on 4 September 2017 under no. 26092, the Service Contract.

Article 1, paragraphs 527 and 528, of Law no. 205 of 27 December 2017 conferred to ARERA the functions of regulation and control on waste, with the "*same powers and within the framework of the principles, purposes and attributions, including those of a sanctioning nature, established by Law no. 481 of 14 November 1995*" ("*medesimi poteri e nel quadro dei principi, delle finalità e delle attribuzioni anche di natura sanzionatoria, stabiliti dalla legge 14 novembre 1995, n. 481*").

By Resolution no. 443/2019/R/RIF and subsequent amendments and additions ("**Resolution 443**"), ARERA adopted the Waste Tariff Method (*Metodo Tariffario Rifiuti* or "**MTR**") for the first regulatory period, introducing a regulation for updating the reference tariff revenues for integrated municipal waste management, based on criteria of efficient costs recognition.

Article 1, paragraph 527, of Law no. 205/2017 mentioned above also grants ARERA, among others, responsibility with respect to the matter of "*defining standard schemes of service contracts referred to in Article 203 of Legislative Decree no. 152 of 3 April 2006*" ("*definizione di schemi tipo dei contratti di servizio di cui all'articolo 203 del decreto legislativo 3 aprile 2006, n. 152*").

By Resolution no. 362/2020/R/rif of 6 October 2020, ARERA initiated the procedure for arranging standard models of service contracts for the regulation of relations between awarding entities and service managers, and provided the procedure to be completed by 31 July 2021. Subsequently, first with the consultation document no. 72/2021/R/rif, then with the consultation document no. 422/2021/R/Rif, ARERA defined the initial guidelines for contractual regulation, in order to guarantee an adequate (contractual and technical) level of service quality against the tariff paid.

By way of Resolution no. 17 of 28 September 2020, the ATO board of auditors' meeting resolved, *inter alia*, to proceed "*to negotiate and enter into an additional agreement with the Concessionaire in respect of the service contract*" ("*alla negoziazione e alla stipula con il Concessionario di un atto aggiuntivo al contratto di servizio*") with the aim, *inter alia*, of "*regulating the revision, for the purposes of coordination with the MTR*" of certain provisions of the Service Contract (set out, without limitation, in the aforementioned resolution) ("**board of auditors' Meeting Resolution no. 17/2020**"); subsequently, by way of Resolution no. 11/2021 of Alia's Board of Directors and ATO shareholders' meeting's resolution no. 7/2021, the Parties formalised the amendments to be made to the Service Contract.

Alia and ATO Toscana Centro executed, before the Notary Public Cambi on 6 October 2021, *repertorio* no. 28183, the supplement to the Service Contract.

Objectives

The objectives the parties defined with the contractual update of the Service Contract were the following:

- Alignment with intervening ARERA's regulations;
- Enhancement of the proactive role of the Manager (as defined below), both for the provision of services and for the management of transferred plants;
- Optimization and homogenisation of activities;
- Management efficiency with increasing objectives, by linking more stringently, thanks to MTR, service standards and costs charged to citizens;
- General and then specific standards accompanied by incentivising elements, where improved performance is achieved, and penalties for failure to achieve minimum levels;
- Introduction of user compensation mechanisms in accordance with ARERA's indications;
- Introduction of timeframes for service variants and Plant Management Model (*Modello Gestionale Impianti*);
- Strengthening of performance control by the authorities, balanced by greater stability of standard information flows and, therefore, possible their fluidification.

List of main provisions of the Service Contract

The main provisions of the Service Contract are as follows:

Object of the Service Contract

The purpose of the Concession is the exclusive assignment of the integrated management of municipal waste pursuant to Article 183, paragraph 1, letters n), ll), and oo), of the Decree (as amended and

supplemented), and its implementing regulations. In particular, Alia, in its capacity as manager (the "**Manager**"), must carry out the following activities:

1. provision of basic services, i.e. collection, transport, sweeping, support for home composting; management of the relationship with the user and communication; analysis, communication and reporting; trade of waste and/or secondary raw materials and/or by-products, deriving from collection, treatment, recovery and/or disposal operations; management of the existing plants included in the tender perimeter for the purpose of treatment, recovery and/or disposal of the waste to be transferred to the successful bidder of the Service (*Aggiudicatario del Servizio*); transport of waste between plants; management of existing and new collection centres; management of new plants and management of sites/landfills after closure.

2. provision of on-demand ancillary services included in the regulatory scope defined by the National Authority, i.e. the complementary services to the waste management activities governed by Legislative Decree no. 152/2006 as amended and supplemented, which the Municipal Administrations reserve the right to activate in the desired quantity, in compliance with the conditions contained in the Area Plan, in the Technical Specifications (*Capitolato Tecnico*) and the Service Contract listed below:

   a) No. 1 - Washing of roads and public areas or areas for public use in general;

   b) No. 2 - Weeding for waste collection;

   c) No. 2 BIS- Weeding for the purpose of waste collection without collection of cut material;

   d) No. 3 - Waste collection and cleaning from public events and similar;

   e) No. 4 - Cleaning the banks of rivers, streams and lakes;

   f) No. 5 - Cleaning of residues from accidents and similar emergency services;

   g) No. 6 - Collection of syringes abandoned on public land or on private land for public use;

   h) No. 7 - Cleaning of bird dung and dog droppings;

   i) No. 8 - Collecting animal carcasses;

   j) No. 9 - Removal of abandoned vehicle wrecks on public land;

   k) No. 13 - Asbestos collection from small household jobs;

   l) No. 14 - Collection of particular waste lying in public areas;

   m) No. 16 - Collection of used vegetable oils at restaurants and/or with containers on the territory;

   n) No. 17 - Collection of cemetery waste from exhumation and extumulation activities;

   o) No. 18 - Assessment, collection and litigation service.

3. provision of on-demand ancillary services, excluded from the regulatory scope defined by the National Authority:

   a) No. 10 - Cleaning and washing of public surfaces of particular value;

b) No. 11 - Washing and disinfection of drinking fountains and tanks;

c) No. 12 - Public crawl space cleaning;

d) No. 15 - Disinfection and rodent-control service.

4. Construction Works, i.e. works instrumental to the management of the Integrated Waste Management Service, which, in accordance with the Area Plan, are identified as follows:

a) No. 33 - Collection centres.

The structure of the services to be awarded will be modified on the basis of new state or regional legislation and ARERA's regulatory acts. The Manager provides for the integrated management service of urban waste and guarantees its effectiveness and efficiency in compliance with contractual obligations and current regulations, also proposing to ATO interventions to optimise the organisation of services.

Duration of the award

The duration of the award is 20 (twenty) years, starting from the date of execution of the Service Contract (i.e. from 31 August 2017).

Upon the expiry date, the Manager shall ensure the continuation of the service until the new manager takes over the service. No indemnity or compensation in addition to that already provided for in the Service Contract for the performance of the service may be claimed by the Manager for the continuation of the service.

Variations in service projects and management model

The Manager shall provide basic and ancillary services on the basis of service plans prepared by it.

These projects can be amended on ATO's indication, for reasons of public interest, for service adjustments imposed by changes in the regulations and in the current planning or in the regulation rules adopted by ARERA or on Municipalities' or Manager's proposal, for service optimisation and homogenisation interventions.

ATO can also award Alia with further complementary services, not included in the Area Plan, in the Specifications, nor provided for in the initial Service Contract, in case of supervening circumstances, reasons of public interest and/or provisions of the competent national, regional and provincial authorities.

Assets and equipment

In order to carry out its activities and for the entire duration of the Service Contract, Alia will use, in compliance with the regulations in force, the plants, immovable assets and other assets transferred to it by the previous managers, as well as those owned by the local authorities loaned to it.

Outsourcing to third parties

The Manager may award third parties with the implementation of part of the services in compliance with the applicable laws and regulations, by communicating to the ATO the list of contracts entered into with third parties and their possible amendments and integrations.

Tariffs and rebalancing mechanism

The fee due to the Manager for the provision of basic and ancillary services included in the regulatory scope is defined in accordance with the relevant regulatory provisions issued by the National Authority.

In compliance with the provisions of Article 1, paragraph 668 of Law no. 147/2013, the Manager is obliged to ascertain and collect the tariff as compensation for all the Municipalities envisaging its application instead of the tax.

The parties to the Service Contract shall contribute, on the basis of their respective responsibilities, to pursue and maintain the economic-financial equilibrium of the Concession, according to efficiency criteria, based on the tools provided by the tariff regulation of the National Authority and the provisions of this Contract.

Please refer in full to point 1.9 of the Regulatory Framework for an exhaustive discussion of the tariff methodology introduced by ARERA with Resolution no. 443, which defined the MTR, applied in the Service Contract. The Resolution in question, which defined the regulation for the period 2018/2021, was followed by Resolution no. 363/2021/RIF of 3 August 2021, which will be the tariff reference for the next four-year regulatory period (2022-2025).

Communication obligations to the user

ARERA's Resolution no. 444/2019/R/rif introduced the minimum information elements that must be granted to the user of the integrated municipal waste management service, in the regulatory period 1 April 2020 - 31 December 2023.

ATO's controls

ATO carries out control activities on the correct exercise of the service, in particular on the correct application of the tariff of the urban waste management service; on the achievement of the objectives and service levels provided by the Service Contract; on the economic-financial trend of the management; on the respect of the Service Quality Charter (*Carta della qualità del servizio*); on the realisation of the planned investments and of the forecasts contained in the planning instruments in force; on the destination and the objective and effective recovery of the single fractions of separate waste collections; on the degree of users' satisfaction, deduced from the surveys carried out and from the analysis of the complaints registered by the Manager and on the correct application of the national collective labour contract (*contratto collettivo nazionale di lavoro*).

Liability and insurance guarantees

Alia is responsible for any damage produced in the performance of the service, with total ATO's exemption. For this purpose, the Manager entered into a suitable insurance policy for civil liability towards third parties and for liability towards employees, aimed at guaranteeing compensation for damages produced in the performance of the service (policy no. A1201642467, appendix A1B62169 of Lloyd's).

Non-compliance, penalties and sanctions

The Service Contract provides for penalties in relation to:

- Communication of an inconsistent *Schedule of services* (*Programma dei servizi*) or its presentation after the established date;

- Failure to *communicate changes/breaches to services* (maximum penalty of EUR 20,000.00);
- Failure to comply with the timeframes and methods for carrying out the services indicated in the contract; (maximum penalty of EUR 5,000.00);
- Failure to provide the mandatory communications provided in the Service Contract (maximum penalty of EUR 10,000.00);
- Failure to comply with plant management standards (EUR 5,000.00);
- Waste sorted but not sent to recovery plants (EUR 100.00/ton);
- Waste conferred without ATO's authorisation to the agreed plants (over the maximum or below the minimum) (EUR 5.00/ton);
- Failure to implement the annual communication plan (EUR 20,000.00);
- Failure to prepare the four-year investment plan within the established time (EUR 40.000.00);
- Failure to certify the annual balance sheet (EUR 7,000.00);
- Failure to prepare the annual profit and loss account separately (EUR 10,000.00);
- Failure to adopt the regulatory accounting system (EUR 10,000.00); and
- Lack of environmental certification, for each plant managed (EUR 10,000.00).

Furthermore, pursuant to the Service Contract, if Alia does not achieve the overall differentiated waste collection targets - which have been determined in percentage points - for reasons attributable to it, its consideration may be decreased by an amount equal to 0.5% for each percentage point missed. Finally, if Alia fails to achieve the differentiated waste collection targets in a single Municipality by more than 5% for reasons attributable to it, the ATO has the right to assess such failure and may reduce its consideration.

Termination of contract

In the event of a breach of contractual obligations expressly designated as early termination events, the Service Contract will be terminated by law. The Service Contract expressly indicates the breaches constituting early termination events, including, *inter alia*:

(i) Alia's failure to achieve the waste sorting targets;

(ii) Alia's failure to timely complete the waste recovery and disposal facilities under the Concession for reasons attributable to it;

(iii) expiration of a term of 15 days (or of the shorter term in case of risks to public health and the environment) indicated in the execution notice pursuant to Article 1454 of the Italian Civil Code without Alia having fulfilled its obligation;

(iv) unjustified interruption of services for a period of more than three days for reasons attributable to Alia.

Impacts of Covid-19 on the business

During 2020, due to the spread of the epidemic, the Group has been required to adapt its delivering services in order to comply with certain regulatory measures concerning hygiene and healthcare, with a significant increase in operating costs mainly driven by: i) the establishment of an operational unit for services to Covid-19 positive users and the care and rest facilities affected by the virus; and ii) increased costs for hardware and software to enable employees to work in smart-working.

Notwithstanding the above, the Group's management put in place a set of measures aimed at optimising and improving the efficiency of company operations, such as the use of redundancy funds (FIS – Fondo Integrativo salariale) which allowed costs to be reduced, including personnel costs which in 2020 showed a reduction of Euro 4.9 million compared to 2019.

2021-30 Business Plan

On 23 May 2021, Alia's Board of Directors approved the 2021-30 Business Plan (*Piano Industriale* 2021-2030), which envisages the realisation of a Capex Plan of approximately EUR 743 million, of which EUR 468 million "regulated" and an expected EBITDA growth to 2030 of 4.8x.

In particular, the 2021-2030 Business Plan approved by the company's shareholders' meeting on 29 June 2021, which aims at achieving a new and different strategic positioning for ALIA, is based on the following 3 main pillars of development:

a) **optimisation**, a key aspect of the plan which consists of seeking to maximise recovery through i) the involvement of workers and customers, ii) optimisation of collection models, in particular with the adoption of a widespread door-to-door system (PAP) on light fractions and of a digital roadside system for FORSU and RUI, iii) increase in pre-treatment capacity through the revamping of TMB and two new sorting facilities, and iv) construction of new plants (e.g. bio-digesters, WEEE, etc.) of which three regulated;

b) **new facilities and investments**, the 2021-2030 investment plan envisages new initiatives totaling €743 million (please see table below for relevant timeframe), of which €486 million is regulated. Given the shortage of treatment plants in Tuscany, the company's plan includes the construction of two market-based plants available for the management of third-party flows, respectively a gasifier with a capacity of 240 k/ton per year and a bio-digester with a capacity of 106 k/ton per year;

The table below provides for an overview of the expected progress of plant assets in the 2021/30 Business Plan:

#	TODAY	2030
TMB e Sorting	6	7
Bio - digestors	-	2
Waste to Chemical Plants	-	2
Recycling RAEE	-	1

c) **digitalisation**: with total investments of around €30 million, ALIA will complete the digitalisation of collection and transport in the period 2021-2030, offering new solutions to users and, at the same time, pursuing objectives such as reducing tax evasion, increasing the quality of collection and developing on-demand services. In addition, the digitisation of collection processes and new user engagement tools will be a prerequisite for the launch of a detailed charging system, which shall overcome the tax-based system. As part of the digitalisation programme, an investment of approximately 26.7k of domotic containers is expected for the advancement of the RUI and FORSU models – with technology patented by ALIA, as well as the acquisition of approximately 178 new vehicles for street collection.

The economic results expected in 2030 show an EBITDA of €127 million – i.e. six times the 2020 EBITDA – and a net profit of €43 million. The main drivers which shall determine these results are:

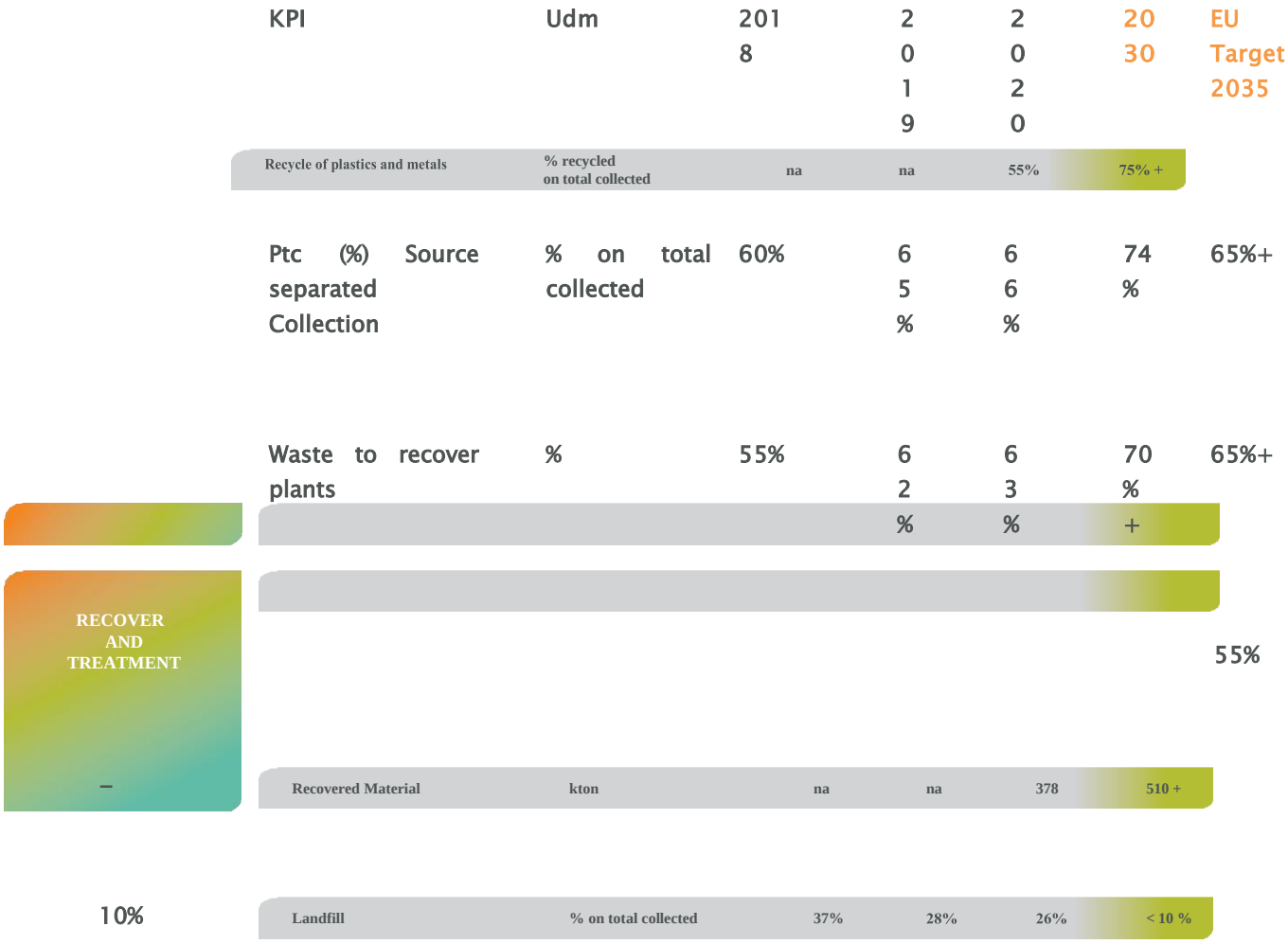
- an increase in the added value of production, with revenues growing by 2030 (+60%) driven by separate waste collections and gasifiers, with increasing diversification of the products marketed (progressive shift from recycling of separate waste collections or RD only to the marketing of biomethane, methanol, etc.), partially offset by the increase in operating costs (+24%) due to the increase in volumes treated and the growth in staff;

- growth in the percentage of waste going to separate collection (74% in 2030) and recycling (71% in 2030), with a consequent reduction in the target of waste going to landfills to less than 5% of the total at the end of the plan;

- increase of 235 FTEs for the management of the new sorting and gasification assets and collection centres, against a significant increase in the efficiency of the collection facilities;

- a significant contribution from the two new gasifiers – which are scheduled to be built in 2026 and 2027 – which, once fully operational, will contribute for around €51 million to EBITDA generation.

With respect to environmental performance, the evolutionary trend of the main KPIs developed in the 2021-2030 Business Plan shall be the following:



Financing

Loans:

Table 1 (Alia Servizi Ambientali SpA)

Alia's term and credit facilities and debt securities amounted to EUR 59,016 thousand as at 31 December 2021, as detailed in the table below.

Form of financing	Maturity date	Amount outstanding as at 31/12/2021 (in EUR thousands)
BNL (*loan*)	30/06/2022	52
BNL (*loan*)	30/06/2022	313
Cassa Risparmio Florence (*loan*)	31/12/2022	2,000
Monte Dei Paschi di Siena (*loan*)	31/12/2022	2,024
Monte Dei Paschi di Siena Capital Services (*mortgage loan*)	11/11/2023	1,306

Senior unsecured amortising fixed rate notes issued by Quadrifoglio	09/03/2024	45,000
BNL (*loan*)	31/08/2025	7,500
Monte Dei Paschi di Siena Capital Services (*mortgage loan*)	30/06/2026	821
TOTAL		**59,016**

Table 2 (Revet SpA – material subsidiary)

Revet SpA term and credit facilities and debt securities amounted to EUR 30,597 thousand as at 31 December 2021, as detailed in the table number 2 and 3 below.

Form of financing (Loan and Mortgage Loan)	**Maturity date**	**Amount outstanding as at 31/12/2021 (in EUR thousands)**
Intesa Sanpaolo (*loan*)	26/01/2023	460
Monte dei Paschi di Siena (*loan*)	30/09/2026	5,512
Monte Dei Paschi di Siena Capital Services (*loan*)	31/03/2027	18,000
TOTAL LOAN AND MORTGAGE LOAN		**23,972**

Table 3 (Revet SpA – Leasing)

Form of financing (Leasing)	**Maturity date**	**Amount outstanding as at 31/12/2021 (in EUR thousands)**
FINANCE BNP A1A40311 LEASING Vehicle	17/07/2022	0,007
CREDEM LEASING AV193867 LEASING Vehicle	30/09/2022	0,010
CREDEM LEASING AV193864 LEASING Vehicle	30/09/2022	0,013
FRAER TS74588 LEASING Vehicle	30/09/2022	0,063

CABEL LEASING LB/217235 LEASING Plants	28/02/2023	0,059
CREDEM LEASING AV 204824 LEASING Vehicle	31/12/2023	0,026
ALBA LEASING 1127507 LEASING Vehicle	31/01/2024	0,082
ALBA LEASING 1127508 LEASING Vehicle	31/01/2024	0,085
CREDEM LEASING SO/202997 LEASING Plants	31/03/2024	0,118
CREDEM LEASING AV208744 LEASING Vehicle	01/05/2024	0,013
CREDEM LEASING AV208745 LEASING Vehicle	01/05/2024	0,013
CREDEM LEASING SI208746 LEASING Vehicle	01/05/2024	0,026
ALBA LEASING 1127505 LEASING Vehicle	31/05/2024	0,108
CREDIT AGRICOLE FX112JE LEASING Vehicle	01/06/2024	0,008
CREDIT AGRICOLE FX114JE LEASING Vehicle	01/06/2024	0,008
CREDIT AGRICOLE FX111JE LEASING Vehicle	01/06/2024	0,008
CREDIT AGRICOLE FX113JE LEASING Vehicle	01/06/2024	0,009
CREDIT AGRICOLE 01544182/001 LEASING Vehicle	01/06/2024	0,088
KION 20190613 RENTAL Vehicle	11/07/2024	0,038
KION carrello E20PL NOLEGGI Vehicle	01/01/2025	0,023
KION carrello H30D RENTAL Vehicle	01/01/2025	0,032
KION carrello H50/600 RENTAL Vehicle	01/01/2025	0,045
ICCREA 4209920015 LEASING Vehicle	01/05/2025	0,141
ICCREA 4209920013 LEASING Vehicle	01/06/2025	0,173
KION 20191219 RENTAL Vehicle	01/09/2025	0,043
KION 20191219 RENTAL Vehicle	01/09/2025	0,046
CREDEM LEASING AV 214850 LEASING Vehicle	31/12/2025	0,115
CREDEM LEASING AV 214852 LEASING Vehicle	31/12/2025	0,115

CABEL LP 220124 LEASING Vehicle	31/12/2025	0,131
CABEL LP 220125 LEASING Vehicle	31/12/2025	0,131
CREDIT AGRICOLE 1551406 LEASING Vehicle	01/06/2026	0,139
CREDEM AV226939 LEASING Vehicle	01/08/2026	0,159
CREDEM AV226936 LEASING Vehicle	01/12/2026	0,088
CREDEM AV226937 LEASING Vehicle	01/08/2026	0,159
CREDEM AV226938 LEASING Vehicle	01/08/2026	0,196
ICCREA BANCAINTESA 2201060024 LEASING Plants	01/12/2027	0,214
ICCREA BANCAINTESA 220920010 LEASING Plants	01/12/2027	0,206
SARDALEASING S3183067 LEASING Plants	01/12/2027	1,094
UBI LEASING 06118324 LEASING Plants	01/12/2027	2,593
TOTAL LEASING		**6,625**

Guarantees and security interest

The following are the outstanding guarantees as at the date of this Prospectus:

1) guarantee (*fideiussion*e) for the final guarantee deposit in favour of the Autorità d'Ambito Toscana Centro of the initial value of EUR **15,284,074.69** issued by Reale Mutua Assicurazioni on 1 September 2020 valid from 1 September 2020 to 1 September 2023;

2) outstanding bank guarantees as per the table below as at the date of this Prospectus:

Bank	**Type of the Guarantee**	**Nominal Amount of the Guarantee (amounts in EUR) as at the date of this Prospectus**
Intesa Sanpaolo	Guarantee (*fideiussione*) in favour of the Municipality of Montespertoli for mitigation works and restoration of Casa Sartori landfill	150,000
Intesa Sanpaolo	Guarantee (*fidejussione*) on bank credit	2,047,500

	lines of Programma Ambiente S.p.A.	

3) outstanding guarantees (*fidejussioni*) amounting to EUR 71,153,059.63 to cover environmental risks connected with the landfills and plants managed, as required by the Municipalities, the Region of Tuscany, the Metropolitan City of Florence, as well as those issued to the Ministry of the Environment for registration in the Register of Environmental Managers (*Albo Gestori Ambientali*).

In light of the above guarantees, the Company has entered into policies with leading insurance companies to cover these guarantees.

Finally, a first ranking mortgage (*ipoteca*) on Faltona composting plant (in the Municipality of Borgo San Lorenzo) has been registered on 15 November 2002 and subsequently on 5 July 2011 in favour of Monte dei Paschi Capital Service S.p.A. for the amount of EUR 17,700,000, as security for the loans granted in favour of Alia respectively in 2002 and 2011; the current outstanding amount as at 31 December 2021 is detailed in the table above, under the section "*Financing – Loans*".

Alia's Investments

Technical investments for the financial year ended on 31 December 2020, amounting to approximately EUR 38.4 million, mainly related to: vehicles and various workshop equipment for EUR 21 million; collection containers (door-to-door equipment, bins, waste bells) for EUR 5.2 million, as well as investments on underground waste collection systems for EUR 1.2 million; the construction and finalization of new operating service centers for EUR 3.6 million; interventions on treatment plants for EUR 3.3 million and investments related to information systems for EUR 3.9 million.

Technical investments for the financial year ended on 31 December 2019, amounting to approximately EUR 25.5 million, mainly included: vehicles and various workshop equipment for EUR 16.9 million; collection containers (door-to-door equipment, bins, waste bells) for EUR 4.5 million, as well as investments on underground waste collection systems for EUR 0.5 million; the construction and finalization of new operating service centers for EUR 1.1 million; interventions on treatment plants for EUR 1.5 million and investments related to information systems for EUR 0.8 million.

The table below shows Alia's investments (excluding financial investments) for the financial year ended on 31 December 2020, in each case compared with the corresponding periods of the previous year.

	2019	**2020**	**Δ vs 2019**	
INVESTMENTS	**ACTUAL – EUR/million**	**ACTUAL– EUR/million**	**ass.**	**%**
ALIA Servizi Ambientali S.p.A.				
Vehicles and equipment	16.9	21.0	4.1	+24.4%
Containers	4.5	5.2	0.8	+17.4%

Disposal plants	1.5	3.3	1.8	> +100%
Locations, operational and collection centres	1.1	3.6	2.5	> +100%
Infrastructure for services to the territory	0.5	1.2	0.7	> +100%
IT hardware and software	0.8	3.9	3.2	> +100%
More	0.2	0.1	(0.1)	-31.6%
Subtotal - technical investments	**25.5**	**38.4**	**13.0**	**+50.9%**

Research and development

During financial year 2020, Alia carried out the following development activities.

With the aim of improving separate waste collection, the Company designed a new Side Loader Smart (A-Bin) dumpster, as a structural and functional restyling of the traditional Side Loader. This new stationary dumpster is economic, of good design and planned to contain electronic devices necessary for tracking users and controlling the waste collection phases.

Therefore, it is envisaged the introduction of electronic devices with integrated sensors to be installed both in the newly designed containers and in the traditional ones already available in the supplied area. These devices allow GPS georeferencing, user recognition, control of access and waste filling level, verification of volume by type of waste, analysis of humidity and presence of water, temperature control, status of use of the bin, energy autonomy and low consumption data transmission; in addition, a microprocessor capable of correcting and reprogramming the functions of the Smart bin is introduced.

Regulatory framework

Most of Alia's operations fall within highly regulated sectors. The legal and regulatory framework within which Alia operates is summarised in the section titled "*Legal framework on Integrated Waste Management*" below.

Legal Proceedings

1. ALIA SERVIZI AMBIENTALI S.P.A.

The provision for risks and charges - amounting to EUR 2,536,392.82 as at 31 December 2020 - refers to the amount set aside for pending or potential proceedings in which the Company is involved or, as regards proceedings of a criminal nature, in which Company's employees are involved. A detailed table is provided below:

Proceedings	**No.**	**Amounts** (EUR)
Labour	9	1,111,925.20
Civil	5	739,007.48
Criminal	2	389,032.73
Administrative	2	276,866.84
Tax	2	19,560.57
Total	**20**	**2,536,392.82**

The material proceedings currently pending are summarized below.

Litigation (formerly Quadrifoglio) with *Istituto Nazionale della Previdenza Sociale* (**INPS**) for contribution irregularities (INCA dispute) and regarding a receivable of EUR 695,000 for Quadrifoglio's subsidiary liability (now Alia) in its capacity as contracting entity.

The proceedings ended with a final judgment against Quadrifoglio. However, as of today, INPS has not requested the amounts yet and, therefore, it is deemed necessary to make a provision every year, as a matter of prudence and until the debt becomes time-barred. Provision for risks amounts to EUR 695,000.00.

Litigation (former Publiambiente) for lease payments: The object of the current litigation is the payment of lease payments under a contract for office use of the former Publiambiente premises.

During the term of the contract, Publiambiente suspended payment of the rent due to uncertainty as to the assignee (the original lessor or two financial companies subsequently involved in the case). The lessor obtained an injunction for the sum of EUR 50,325 for rentals from October 2013 to December 2014 invoiced by the lessor. As of the date of this Prospectus, and until ascertainment of the assignee, the proceeding is still in progress. The property was released at the end of 2018. Requests for payment have also been made, outside the court litigation, for rentals subsequent to the date of injunction issuance, (i.e., subsequent to 2014). Since the release has not been formalised, there is a risk of claims for rents even beyond 31 December 2018, until the natural expiry of the lease. Provision for risks amounts to EUR 250,000.00.

Administrative proceedings introduced by Alia, with a request to the Region Tuscany - Environment and Energy Department, for the cancellation of the minutes it issued for the use of unaudited waste identification forms, with a request for a hearing pursuant to Article 18 of Law no. 689/1981.

Alia has been notified of no. 479 assessment reports (*verbali di accertamento*) issued in 2017 by the *Nucleo Operativo Ecologico del Comando dei Carabinieri* of Florence.

In each of such assessment reports, Alia has been charged with a breach of Article 258, paragraphs 4 and 5 of the Consolidated Law on Environmental Protection (Legislative Decree no. 152/2006) with consequent imposition of the corresponding administrative fine ranging from € 260.00 to € 1,550.00.

Therefore, the possible total amount of the penalties at issue may vary from a minimum of €124,540.00 to a maximum of €742,450.00.

In brief, Alia's defense focuses mainly on the following points:

1) lack of grounds for the application of penalties and erroneous application of Article 258 of the Consolidated Law on Environmental Protection, since the lack of endorsement, and not one of the elements peremptorily indicated in paragraph 1 of Article 258 of the Consolidated Law on Environmental Protection, is being challenged;

2) applicability of the legal combination of penalties under Article 8 of Law 689/1990, which would therefore bring the possible total amount of the penalties in question to €4,650.00 (the most severe penalty increased by three times as much);

3) introduction of the new rules set out in Legislative Decree 116/2020 and the RENTRI system, which have introduced the virtual endorsement of FIRs, providing suitable tools to overcome the challenges which were related to the previous paper endorsement.

Moreover, the correct and cooperative conduct of Alia has been pointed out. Indeed, as soon as it realised that the FIRs had not been endorsed, Alia immediately reported the incident to the competent authorities.

At present, the company is waiting for a resolution by the competent authority which, in the event of unfavourable outcome, can be challenged before the ordinary judge.

Provision for risks amounts to EUR 250,000.00.

Litigation with INPS for differences in salaries of temporary workers.

The third instance of the proceeding is currently in progress, following INPS challenging the judgement of appeal no. 134 of 21 February2019. Provision for risks amounts to EUR 120,319.00.

Following numerous out-of-court claims received by Alia in 2020 from workers of a contracting company, given the joint obligation (*obbligazione solidale*) pursuant to Articles 1676 of the Italian Civil Code and 29 of Legislative Decree no. 276/2003 between the client and the contractor, a prudent provision of EUR 100,000.00 was made.

The same contracting company filed a lawsuit against Alia for damages following Alia's termination of the public contract for non-performance. Provision for risks of EUR 345,000.00 was set aside.

Labour dispute concerning the appeal against dismissal and request for reinstatement (*reintegra*)

The case, initiated in 2020, is still pending. Provision for risks of EUR 140,000.00 has been set aside.

Civil litigation concerning a claim for damages by a supplier for Alia's termination of a vehicle rental contract.

The dispute was initiated by a company supplying Alia with a vehicle rental service to carry out its waste collection activities. Alia, not being satisfied with the service, brought the contract to an early termination. The plaintiff company sued Alia challenging the unjustified termination of the contract. In the civil proceeding at issue, the plaintiff company is requesting the payment of unpaid fees up to the natural maturity date of the contract and the application of a penalty for unlawful termination of the contract, in addition to claiming alleged damage to the vehicles used by Alia during the term of the contract. The total amount quantified by the plaintiff is Euro 136,080.00.

The proceeding is still in progress and, considering the admission in favour of the plaintiff of only the evidence relating to the alleged damage to the vehicles, estimated at approximately €30,000, it is expected that the proceeding could be concluded either in favour of Alia or with a sentence limited to the value of the alleged damages.

Provision for risks of EUR 136,080.00 was set aside.

Criminal proceedings

On May 2016, the Public Prosecutor's Office of Florence began investigations (which are currently pending) on certain plants used by Alia, and substantially many of the activities carried out have been taken into consideration (from the production of soil improver to biogas, from waste management to the management of a site undergoing reclamation) with a consequent variety of alleged offences against employees and managers of the Issuer in separate documents (but all falling within the same proceeding). Notwithstanding the uncertainty of the outcome, the lawyers appointed to defend the defendants in court believe that, in the event of committal for trial, they will be able to assess the probability of success for the most significant findings and to minimise (with oblations extinguishing the offences and thanks to the accrued time-barring) the formal or more minor findings.

On 27 May 2021, during the course of the investigation, the Issuer was served with a preventive seizure order preventing the use of certain areas within one of the plants under investigation. By virtue of the aforesaid measure, prescriptions were imposed on the Manager, who may continue to carry out recovery operations in the seized areas subject to the prior transmission to ARPAT (*Agenzia Regionale per la Protezione Ambientale della Toscana*) department of Florence of a weekly schedule relating to the waste management activities in progress.

At the same time, as the adoption of the precautionary prohibitory measure, precautionary disqualification measures were adopted against certain senior managers of the companies incorporated into Alia and of Alia, involved in the investigation. These measures have been annulled on 10 August 2021 by the Court of Review (*Tribunale del Riesame*), appealed by the interested parties.

As of the date of this Prospectus, no liability pursuant to Legislative Decree no. 231/2001 has been alleged against Alia.

A provision of EUR 115,551.00 was set aside to cover legal expenses for the Issuer's managers and employees involved in proceedings as a result of the activities carried out.

2. REVET S.P.A.

Criminal proceedings for deadly accident at work

The proceedings were initiated following an accident, occurred in 2017, that resulted in the death of a worker. The accident occurred during the maintenance of a press with deactivation, by the worker, of the

protection systems. The proceedings involve not only the managing director at the time of the events but also three other employees of the company.

The company was charged with liability under Legislative Decree No. 231/2001 and was sued by the worker's heirs who joined the proceedings. The *petitum* has not been quantified.

To date, INAIL has paid €414,744.24 to the heirs. The heirs have also received coverage of 52,000 euros from the company's employee accident policy. Revet also opened a claim on its third-party liability cover (RCT) and involved the company in the proceedings to cover any debts.

The proceedings are currently in the trial stage and it is not possible to assess the potential of losing the case.

Criminal proceedings for accident at work

The proceedings were initiated following an accident, occurred in 2015, which caused injury (breaking of an arm) to the employee. The accident occurred as a result of an accidental fall from a ladder used to access a vehicle for the emptying of a container bell. The proceedings involve not only the managing director at the time of the events but also two other employees of the company.

The criminal proceedings are at an early stage and it is not possible to assess the potential of losing the case.

The employee also initiated a civil dispute with a claim for damages for €66,000. The company has opened a claim and involved the company in the dispute.

3. PROGRAMMA AMBIENTE S.P.A.

Civil proceedings commenced in 2010, concerning a claim for damages

The proceedings were initiated by the company – now in liquidation – awarded the contract for waste disposal, to cover damages arising from a severe fire in 2006 at one of the plaintiff's disposal sites following the treatment of material (spray cans).

The plaintiff sued Programma Ambiente, a non-exclusive waste collector at the plaintiff's plant, and the company in charge of reducing the volume of waste, which allegedly carried out its activities in a non-compliant manner.

The plaintiff blames Programma Ambiente for the alleged delivery of a consignment that did not comply with the contractual agreements.

The damage quantified by the plaintiff amounts to Euro 4,489,511.00.

During the fire, in addition to the damage to property, three persons were affected, including, in particular, the person who materially carried out the activity that caused the event and who suffered serious and permanent damages.

The person principally affected by the fire, and owner of the company in charge of the compression activity, filed a counterclaim for damages and claimed compensation of Euro 3,000,000.00.

Programma Ambiente opened the claim with its company and involved it in the dispute.

The case is now awaiting decision.

Considering that the event has not been directly and exclusively attributable to the conferment by Programma Ambiente, in addition to the possible co-responsibility of the parties involved in the proceedings, it is expected that it is unlikely that Programma Ambiente will be fully condemned, notwithstanding the risk that the company may be involved on a pro-rata basis in the contribution of the damages to be paid to the injured parties.

It should be noted that the criminal proceedings for the same facts, which did not even involve any personnel of Programma Ambiente, concluded with a judgment of non-prosecution due to time-barring.

4. PROGRAMMA AMBIENTE APUANE S.P.A.

Potential administrative proceeding concerning a dismissal of an application for authorisation renewal

The company is in the process of drafting and filing an appeal challenging the measure of the Tuscany Region adopted on 29 December 2021 with respect to the landfill for non-dangerous waste located in Fornace in the Municipalities of Montignoso (MS) and Pietrasanta (LU) and managed by Programma Ambiente Apuane S.p.A.

Such measure adopted by the Tuscany Region decided to dismiss the application for review with the purposes of renewal – pursuant to Article 29-*octies*, paragraph 3, letter (b) of Legislative Decree no. 152 of 3 April 2006 – filed by the manager of the above-mentioned landfill. In particular, Tuscany Region (i) did not grant the authorisation, requested by the Company, to exceed the 43 mt. threshold, and (ii) identified an alleged lack of authorisation as basis for the dismissal. The measure may cause the delays in the plantation programme of the landfill, with non-material economic consequences (3.4% EBITDA according to the Consolidated Financial Statements 2022), which are likely to be covered in the following financial year(s). For this reason, the managers intend to urgently request (*in via cautelare*) the suspension of the measure.

Corporate Governance

Alia has opted for a traditional system of corporate governance, which involves the presence of the shareholders' meeting (*Assemblea dei soci*), the board of directors (*Consiglio di Amministrazione*) and the board of statutory auditors (*Collegio Sindacale*).

As at the date of this Prospectus, the Company's by-laws (*statuto*) grant the management of the Company to a board of directors consisting of five members in accordance with applicable laws and regulations – appointed by the shareholders by a voting list system (collectively, the "**Board of Directors**", each a "**Director**"). All members are appointed for three financial years and may be reappointed.

The Board of Directors has the widest possible powers to carry out the Company's ordinary and extraordinary management. It is authorized to perform all actions it deems necessary or appropriate to achieve Alia's corporate purpose, with the sole exception of those powers expressly reserved to the shareholders' meeting pursuant to applicable law or Alia's by-laws. Pursuant to the Company's by-laws, the board of statutory auditors consists of five members, three standing auditors (*sindaci effettivi*) and two alternates, who must meet the requirements of applicable laws and the Company's by-laws (collectively, the **"Board of Statutory Auditors**", each a "**Standing Auditor**"). All members of the Board of Statutory Auditors are appointed by the shareholders' meeting through a list system with voting rights for three financial years. The alternate auditors will replace any standing auditor who resigns or is otherwise unable to act as auditor in accordance with applicable law and Alia's by-laws.

The Board of Statutory Auditors is the body monitoring the proper administration of the Company, evaluating the adequacy of the organisational, administrative and accounting structures adopted by the Board of Directors,.

Management

Board of Directors

The shareholders' meeting of 22 December 2020 appointed the Directors composing the Board of Directors for a period of three financial years. Unless a ground for early termination of office arises, all Directors will remain in office until the date of the shareholders' meeting called to approve Alia's financial statements for the financial year ending on 31 December 2022.

The following table sets forth the current members of Alia's Board of Directors and their respective positions within the Company as of the date of this Prospectus.

Name	Position
Nicola Ciolini	President
Claudio Toni	Vice President
Alberto Irace	Chief Executive Officer
Francesca Vignolini	Director
Vanessa De Feo	Director

The business address of the members of the Board of Directors is the registered office of the Company at Via Baccio da Montelupo no. 52, 50142 Florence (Italy).

Other offices held by members of the Board of Directors

The following table shows offices held by the members of the Board of Directors other than those held within Alia.

Name	Main positions held outside Alia
Nicola Ciolini	Chairman of Revet S.p.A
Claudio Toni	No positions held outside Alia
Alberto Irace	Sole Director of H.P.I. Srl
Francesca Vignolini	Chairman of Re.Al. S.r.l. Director of CABEL Holding
Vanessa De Feo	Director of FARMAPIANA S.p.A.

Board of Statutory Auditors

The shareholders' meeting of 28 December 2020 appointed the Board of Statutory Auditors for a period of three financial years and it will remain in office until the date of the shareholders' meeting called to approve Alia's financial statements as at 31 December 2022.

The following table shows the current members of Alia's Board of Statutory Auditors.

Name	Position
Stefano Pozzoli	President
Silvia Bocci	Standing Auditor
Gabriele Turelli	Standing Auditor
Antonella Giovannetti	Alternate Auditor
Fausto Antonio Gonfiantini	Alternate Auditor

The business address of the members of the Board of Statutory Auditors is the registered office of the Company at Via Baccio da Montelupo no. 52, 50142 Florence (Italy).

Other offices held by members of the Board of Statutory Auditors

The following table shows the offices held by the members of the Board of Statutory Auditors other than those held within Alia.

Name	Main positions held outside Alia
Stefano Pozzoli	Auditor (*revisore legale*) of Centro Pluriservizi S.p.A. Auditor (*revisore legale*) of Sunfield 13 S.r.l. Auditor (*revisore legale*) of Ikarus PV 1 S.r.l. Auditor (*revisore legale*) of Ikarus PV 4 S.r.l. Auditor (*revisore legale*) of Ikarus PV 6 S.r.l. Auditor (*revisore legale*) of Sella BG S.r.l. Auditor (*revisore legale*) of CAR 1950 S.r.l. Auditor (*revisore legale*) of NSE Italy S.r.l. Chairman of the Board of Statutory Auditors of I

	Care S.r.l. Chairman of the Board of Statutory Auditors of Ricerca sul sistema Energetico RSE S.p.A. Chairman of the Board of Statutory Auditors of NWG S.p.A. SB Chairman of the Board of Statutory Auditors of Salerno Energia Vendite S.p.A. Chairman of the Board of Statutory Auditors of Sidiren S.r.l. Statutory Auditor (*sindaco*) of TI- Forma S.r.l. Statutory Auditor (*sindaco*) of Valfreddana Recuperi S.r.l. Statutory Auditor (*sindaco*) of Esercizi Aeroportuali S.E.A. S.p.A. Statutory Auditor (*sindaco*) of I.D.S. Ingegneria dei sistemi S.p.A. Statutory Auditor of Programma Ambiente Apuane S.p.A. Statutory Auditor of Fiumicino Tributi S.p.A. Statutory Auditor of Italia Com - Fidi Società consortile a responsabilità limitata Receiver (*liquidatore*) of Colle Promozioni S.p.A. winding up

Silvia Bocci	Sole Director of Gestioni Gepa S.r.l. Sole Director of Immobiliare Vally S.r.l. Statutory Auditor (*revisore legale*) of Estracom S.p.A. Chairman of the Board of Statutory Auditors of Piceno Gas Vendita S.r.l. Chairman of the Board of Statutory Auditors of Centro Oncologico Fiorentino Casa di Cura Villanova S.r.l. winding up Chairman of the Board of Statutory Auditors of Estra Energie S.r.l. Chairman of the Board of Statutory Auditors of Consiag S.p.A. Chairman of the Board of Statutory Auditors of SO.Ri. S.p.A. Chairman of the Board of Statutory Auditors of Casa di Cura Villa Donatello Statutory Auditor of Unipol Gruppo S.p.A. Statutory Auditor of Unipolsai Assicurazioni S.p.A. Auditor of 5 Effe C S.p.A. Auditor of F.I.L. Formazione innovazione lavoro S.r.l. Alternate auditor of Edilizia Pubblica Pratese S.p.A. Alternate auditor in Incontra Assicurazioni S.p.A. Alternate auditor in Nexive Network S.r.l. Receiver (*commissario giudiziale*) of F.R.M. Group S.r.l. Receiver (*commissario giudiziale*) of Nuova Tessile S.r.l. winding up Bankruptcy trustee (*curatore fallimentare*)of Bellandi F.lli Renzo e Roberto S.n.c. Receiver (*liquidatore*) of Tre C S.r.l.

	Bankruptcy trustee (*curatore fallimentare*)of Termoidraulica Baldi e Innocenti S.r.l. winding up Bankruptcy trustee (*curatore fallimentare*)of Purogusto SAS di Barbieri Zelmira & C Bankruptcy trustee (*curatore fallimentare*)of I.S.I. Export Industria Salotti Italiani S.r.l. Bankruptcy trustee (*curatore fallimentare*)of La Sirenetta S.rl. Bankruptcy trustee (*curatore fallimentare*)of Bellandi Adriano
Gabriele Turelli	Limited partner (*socio accomandante*) of L & G accounting SAS di Elisabetta Turelli & C. Statutory Auditor of The Flexx S.p.A.
Antonella Giovannetti	Statutory Auditor of SO.RI S.p.A. Alternate Auditor of CONSIAG S.p.A. Alternate Auditor of FAR.COM S.p.A. Bankruptcy trustee (*curatore fallimentare*) of EDIL RESTAURI E AFFINI PISTOIESI Court-appointed receiver (*liquidatore giudiziario*) of CO.MEC S.r.l.
Fausto Antonio Gonfiantini	Bankruptcy trustee (*curatore fallimentare*) of Edil Gioia S.r.l.

Conflicts of interest

The members of the Company's Board of Directors, Board of Statutory Auditors and Management have no conflict of interest, nor are they aware of any conflict of interest, between their duties to Alia and the private interests or other duties of such persons. No member of Alia's Board of Directors, Board of Statutory Auditors or Management has had any interest in any transaction which is or was unusual in its nature or terms and that was material to Alia's business.

Alia has not granted any loan or security to or for the benefit of any member of its Board of Directors, Board of Statutory Auditors or senior management.

Share capital and shareholders

Alia's share capital as at the date of this Prospectus amounted to EUR 94,000,000.00, fully paid-in and divided into shares with a nominal value of EUR 1 each.

The following table lists all of Alia's shareholders as of the date of this Prospectus, based on Alia's financial reports and publicly available information.

Shareholders	%
Municipality of Florence	58.19
Municipality of Prato	15.10
Publiservizi S.p.A.	13.32
Consiag S.p.A.	7.9
Cis S.p.A.	0.83
Municipality of Scandicci	1.22
Municipality of Bagno a Ripoli	0.69
Municipality of San Casciano in Val di Pesa	0.67
Municipality of Impruneta	0.65
Municipality of Fiesole	0.59
Municipality of Greve in Chianti	0.39
Municipality of Barberino Tavarnelle	0.32
Municipality of Signa	0.09
Municipality of Montemurlo	0.01
Municipality of Carmignano	0.01
Municipality of Vaiano	< 0.005
Municipality of Poggio a Caiano	< 0.005
Municipality of Vernio	< 0.005
Municipality of Cantagallo	< 0.005

Employees

As at the date of this Prospectus, Alia had 2,102 employees, as summarised by the following table:

Employees	As at the date of this Prospectus

Executives (*Dirigenti*)	13
Managers (*Quadri*)	29
Employees (*Impiegati*)	582
Workers (*Operai*)	1,478
Total	**2,102**

Alia manages relations with trade unions on an ongoing basis. Meetings and negotiations are held regularly and, when necessary, on social, safety, economic and environmental issues. The presence of the R.S.U. (*Rappresentanza Sindacale Unitaria*) allows for faster and more effective dialogue between the Company and employees on various issues. The union, which includes members of all national associations and unions, is historically present and deeply rooted in the Company and, despite declining levels of representation, the percentage of employee membership is currently about 54.46%. Under Italian law, employees in Italy are guaranteed stability of employment and their employment relationship can be terminated only for just cause (*giusta causa*) and for certain legal reasons. Upon termination of employment, employees are entitled to severance payments (*trattamento di fine rapporto*) based on their annual salary, length of employment and inflation.

Indipendent Auditors

The current auditor of the Company is PricewaterhouseCoopers S.p.A. **("PricewaterhouseCoopers"** or the "**Auditors**") with registered office at Via Monte Rosa 91, 20149 Milan (Italy), registered under no. 119644 in the Register of Auditors (*Registro dei Revisori Legali*) held by the Ministry of Economy and Finance, in accordance with the provisions of Legislative Decree no. 39 of 27 January 2010. PricewaterhouseCoopers is also a member of ASSIREVI (the Italian association of auditing companies).

The Auditors were appointed by a resolution of the shareholders' meeting of 16 February 2017 for the purpose of auditing the financial statements, and they also audited Alia's consolidated financial statements for the financial years ended between 31 December 2017 and 31 December 2020. The Auditors current appointment is set to expire at the latest on 30 June 2026.

Recent developments

27 May 2021 – Notification by the competent judicial authorities of i) the preventive seizure order relating to the San Donnino centre and ii) the order for the application of precautionary disqualification measures against certain Alia's senior managers. In addition to the impacts on the Company's reputation triggered by the media attention on the measures described above, logistical impacts have been and are currently registered due to limited use of the areas under seizure, which required a reallocation of flows to different plants in order to prevent the service suspension. As to the measures notified upon the individuals, the Company has immediately engaged all steps to revoke each and all powers and proxies conferred to the managers and supervisors involved, and internally reallocated the relevant functions and responsibilities. Without prejudice to the qualifications of the internal staff identified, who ensured the continuity of the Company's business, during the period while the managers have been suspended the Company could not benefit from their high level of professionality in the sector.

14 June 2021 – The assembly of ATO Toscana Centro approved i) the General Director's Resolution (*Determinazione del Direttore Generale*) no. 88 (REF 2020); ii) the amendment of the Service Contract; and

iii) the PEF (*Piano Economico Finanziario*) 2021. The main impact is represented by the termination of the rebalancing process regarding the determination of the concession fee for the years 2020 and 2021, due to the adoption of the new tariff method *MTR ARERA* (Res. No. 443/19). Further, a mechanism of automatic update and completion of the provisions of the Service Contract with respect to the continuous developments in the legal and regulatory framework, as laid down by ARERA, has now been introduced. This mechanism ensures a full inclusion of the Company's business in the context of the national regulatory system.

3 August 2021 – ARERA's Resolution no. 363/2021 stated the introduction of the "*New waste tariff method MTR-2*" ("*Nuovo metodo tariffario rifiuti MTR-2*"), which will govern the 2022-2025 regulatory period. Such resolution, substantially in line with the Res. No. 443/19 referred to above, further establishes an obligation to develop a four-year forecasting process. This new feature will reinforce the Company ability to forecast tariff trends over the relevant timeframe.

10 August 2021 – The Court of Review (*Tribunale del Riesame*) called by the executives affected by the abovementioned disqualification precautionary measures, ordered the annulment of such measures for each of the individuals involved. The annulment order by the Court of Review allowed the Company to re-introduce the senior managers previously affected by the precautionary disqualification measures (now annulled). However, as utmost caution of both the Company and the personnel involved, the Company decided (upon resolution of the relevant board of directors) not to reinstate such senior managers in the same roles and with the same functions in relation to which they are currently under investigation and based on which the disqualification precautionary measures have been issued – although promptly annulled – but to assign different tasks and responsibilities, in any case in line with their high professional qualifications.

16 December 2021 – Following the Merger of 2017, on 16 December 2021, the Issuer's extraordinary shareholders' meeting resolved upon a capital rebalancing transaction aimed at adjusting the net asset values of the companies which were merged by incorporation into the Issuer and, consequently the relevant participations in the corporate capital of the Issuer have been adjusted. In particular, Alia's extraordinary shareholders' meeting resolved upon (i) a non-proportional increase of the Issuer's share capital without any consideration (*aumento gratuito del capitale sociale*), and (ii) a subsequent reduction of the Issuer's share capital (*riduzione del capitale*) pursuant to Article 2445 of the Italian Civil Code. As a result, the share capital of the Issuer has therefore been increased from EUR 85,376,852.00 to EUR 94,000,000.00 and its reserve have been decreased from EUR 76,096,700.22 to EUR 64,473,552.22.

29 December 2021 – The Region Tuscany dismissed the application for review with the purposes of renewal – pursuant to Article 29-octies, paragraph 3, letter (b) of Legislative Decree no. 152 of 3 April 2006 – filed by Programma Ambiente Apuane S.p.A. as manager of the landfill for non-dangerous waste located in Fornace in the Municipalities of Montignoso (MS) and Pietrasanta (LU). The measure adopted by the Region, which will be challenged by the company, is based on a lack of authorisation which may cause the operation in the managed plant to slow down and potentially be temporarily suspended.

LEGAL FRAMEWORK ON INTEGRATED WASTE MANAGEMENT

1. National and regional framework applicable to the integrated waste management service

1.1 *Governance of the municipal waste management service*

Governance of the municipal waste management service is based on different levels of administration, corresponding to roles and tasks consistent with the territorial level represented. There are at least five entities involved: the State, the regions, the municipalities, the government bodies of the optimal territorial area (enti di governo dell'ambito territoriale ottimale or EGA, which may have different names depending on the Regions) and the National Regulatory Authority (ARERA).

The State is responsible for roles and functions of coordination and direction within the scope of the matters on which administrative levels are then called upon to define operational, authorisation and organisational contents. In addition, Law no. 205 of 27 December 2017 assigned to the Authority functions of regulation and supervision of the waste cycles, including differentiated, urban and assimilated waste.

Regions (and the autonomous provinces of Trento and Bolzano) are responsible for defining the perimeter of the optimal and homogeneous areas or territorial basins, so as to allow economies of scale and differentiation suitable for maximising the efficiency of the service. The legislation had set 30 June 2012 as deadline for defining the perimeter of these areas, a deadline respected by all Regions with the exception of Lombardy, which benefits from the faculty, recognised by Legislative Decree no. 152 of 3 April 2006, to adopt alternative models to those based on optimal territorial areas.

Although from the beginning (art. 23 of the Ronchi decree) the minimum optimal size of the areas was considered the provincial one, Article 3-bis of the Law Decree 13 August 2011, no. 138, had entitled Regions to identify territorial areas and basins of different size, motivating the choice on the basis of socio-economic and/or efficiency criteria. In this already uncoordinated framework of entities and competences, the Authorities of Optimal Territorial Areas (Autorità d'ambito territoriale ottimale or AATO), abolished in 2010, have been reintroduced in some Regions with the task of organising the service, mainly in associated form, where it is not organised directly by the local authorities.

In this articulated framework of entities and attributions, particular attention should be paid to the role of the EGAs, established in 2012 and replacing the AATOs.

EGAs, in which local authorities mandatorily participate, exercise the functions of organising local public network services of economic importance, choosing the form of management, determining the tariffs charged to users, awarding management and exercising supervision and control over it.

After the abrogation of AATOs, the reintroduction of EGAs was due to the need to reorganise the organisational structure of the waste management service: a process which began in 2011 and was completed by means of the awarding of the economic regulation mandate to an independent Authority (ARERA), as provided for in the latest regulations of the Consolidated Act on local public services. A reorganisation designed to ensure that the sector has the conditions for the industrial development of the service and to close the gap with the best European experiences.

1.2 *The Waste Framework Directive and the waste hierarchy*

The strategic directions of the national legislation on waste are linked "by a double thread" to the indications originating from the European framework of reference. The national legislator has sometimes proved the ability to anticipate the evolution of the European discipline: this is the case of the Ronchi

decree, which in 1997 anticipated many of the contents of the directives that would be enacted in the following years. A circumstance that could be repeated if the national legislator will know how to substantiate the European recommendations on circular economy, not yet codified in a directive.

Over the last two decades, the European institutions have been engaged in designing a European strategy on waste, centered on the creation of the conditions for sustainable economic growth. The Treaty establishing the European Community already provided for the development and implementation of a European environmental policy and set out the objectives and principles which should have guided it: environmental protection requirements are therefore an essential component of European policies.

More recently, among the milestones of European action there are the objectives codified in the Waste Framework Directive (Directive 2008/98/EC), i.e. containing the negative consequences of waste production and management on human health and the environment, reducing the consumption of resources and promoting the application of the waste hierarchy. This is the area in which, in addition to the "polluter pays" principle already envisaged (Directive 2004/35/EC), key principles have been introduced, such as the "extended producer liability", according to which the person who transforms, manufactures, sells or imports a good is liable for the entire life cycle of the product, including the post-consumer activities of withdrawal, recycling and final disposal. It is a principle requiring the costs, including environmental costs, to be internalised in the final price of goods injected in the market for consumption and aiming to strengthen prevention, reuse and recycling activities.

This hierarchy provides first of all for prevention, i.e. all actions aimed at reducing the amount of waste released, and preparing it for re-use. This is followed respectively by recycling, energy recovery, mostly through incineration, and, as a last resort, landfill.

In detail, preparation for re-use refers to the control, cleaning and remedial operations through which waste can be re-used without further treatment. In other words, these are activities that make it possible to extend the useful life of products or components of products that have become waste, reducing environmental and economic costs associated with the management of waste destined for recovery or disposal.

Recycling, on the other hand, refers to the actions through which waste materials are processed to obtain products, materials or substances that are then used for their original function or for other uses. This includes composting.

Energy recovery, on the other hand, refers to operations allowing waste to play a useful role by replacing other materials (typically fuels) and generating energy, as in the case of incineration plants.

Finally, landfill must always be the last resort, where none of the other routes are viable, for the time strictly necessary to identify alternatives.

Such a paradigm implies a major change in policies for the sector. By the implementation of Directive 2008/98/EC, Member States have committed to prepare for re-use and to recycle at least 50% of municipal waste by 2020 (such as, as a minimum, paper, metals, plastics and glass), and at least 70% of non-dangerous construction and demolition waste.

1.3 *Circular economy: the EU waste package*

On 2 December 2015, the European Commission presented a package of measures to stimulate the transition to the circular economy (i.e., COM (2015)593 – 594 – 595 and 596), in which the waste cycle becomes a driver for investment and sustainable economic growth, including a proposal to revise the main

waste directives and aims to strengthen the recourse to reuse and recycling in order to improve the life cycle of products: the concept of waste and scrap is then replaced by that of "new product" destined to feed the processing chains.

The Circular Economy Package identifies five priority sectors to boost the transition along their value chain: plastics, food waste, critical raw materials, construction and demolition, biomass and biomaterials. There is also a strong emphasis on creating a solid foundation on which investment and innovation can flourish.

In particular, the Circular Economy Package sets new targets for waste sorting: by 2025, the Issuer will be required to recycle 55% of the waste produced, 60% by 2030 and 65% by 2035. By 2035, the Issuer will only be able to landfill 10% of our waste. It will have to recycle 60% of packaging by 2025 and 70% by 2030.

These are important objectives, and the relevant deadlines are very close, which is why the implementation of the Circular Economy Package directives in the Member States marks an important distinction with respect to the past and defines a new common philosophy in the way of producing and managing waste and a change of mentality, with a substantial impact on the approach to the issue of waste production and management for decades to come.

Differentiated waste collection targets

- 55% by 2025
- 60% by 2030
- 65% by 2035

Landfill targets

- Below 10% by 2035

Packaging waste recycling targets

- 65% by 2025
- 70% by 2030

Recycling targets for packaging waste by material

By 2025

- 50% for plastic;
- 25% for wood;
- 50% for aluminium;
- 70% for ferrous metals;
- 70% for glass;
- 75% for paper and cardboard

By 2030

- 55% for plastic;
- 30% for wood;
- 60% for aluminium;
- 80% for ferrous metals;
- 75% for glass;
- 85% for paper and cardboard.

The transposition in Italy of the Circular Economy Package directives includes, in addition to Legislative Decree no. 116/2020 (implementing European Directives 2018/851 and 2018/852) which amended Part IV of the Environmental Code, also Legislative Decrees no. 118/2020 and 119/2020, relating respectively to waste batteries, accumulators and WEEE and the other to end-of-life vehicles (both implementing European Directive no. 2018/849), Legislative Decree no. 121/2020 relating to landfills (implementing European Directive 2018/850), and Law Decree no. 77/2021, as converted into Law no. 108/2021, which introduced some simplification measures to promote the circular economy.

1.4 *The Environmental Code and integrated management*

At the national level, the regulatory framework of reference is represented by the Legislative Decree no. 152 of 3 April 2006 – the so-called "Environmental Code" – supplemented, inter alia, by the Legislative Decree no. 205/2010 and by the Legislative Decree no. 116/2020 implementing the EU directives. Legislative Decree no. 152 of 3 April 2006 envisages the introduction of "preparation for re-use" as one of the priorities to be pursued, introduces the principle of extended producer's responsibility, clarifies the concept of by-product and defines the criteria for the termination of the waste status. Specifically, the legislation at issue provides for public administrations must promote the reuse of products and the preparation of waste for reuse through economic incentives or through logistic measures, for example by creating and supporting accredited remedial/reuse centers.

Waste management, as defined by such regulation, consists of the activities of collection, transport, recovery and disposal, including the control of these operations and the interventions following the closure of the disposal sites, as well as the operations carried out as dealer or intermediary. Integrated waste management refers to all activities, including street sweeping, aimed at optimising waste management. An entire section of Legislative Decree no. 152 of 3 April 2006 is dedicated to this subject, which identifies the complex of organisational and management choices through which self-sufficiency in waste disposal and the recovery of unsorted urban waste is achieved.

Regions play the important role of planning and, in particular, intervene in the definition of environmental objectives in coherence with national and European strategies, to be implemented by subordinate planning (Area Plan or Piano d'Ambito). ATOs are responsible for organising, awarding and controlling the integrated management service for urban waste. Specifically, the ATO organises the service and determines the objectives to be pursued in order to ensure its management according to criteria of efficiency, effectiveness, cost-effectiveness and transparency: the objectives and the actions necessary to achieve them are codified in the area plan.

With regard to the award of the integrated waste management service, Article 25, para. 4 of Law Decree 24 January 2012, No. 1 – as converted into Law 24 March 2012, No 27 – specifies that the activities of

"service management and supply, which may include the management and construction of the plants", and the activities of waste sorting, marketing and disposal and recovery, as well as the complete disposal of all municipal and assimilated waste produced within the ATO, may be awarded in accordance with Article 202 of the Environmental Code. In other words, the award is certainly integrated with reference to waste sorting, while the construction of the plants "may" be awarded, together with their management. It is also specified that if the plants are owned by parties other than the local authorities of reference, the person awarded with the integrated urban waste management service must be ensured access to the plants at regulated and predetermined tariffs.

Therefore, it can be inferred that, pursuant to Legislative Decree no. 152 of 3 April 2006, the integrated management of urban and assimilated waste, including the phases of collection, treatment and disposal, as well as their valorisation, is the object of the award. The contractor may also have undertaken to construct the plants necessary to ensure the ATO self-sufficiency in the disposal of non-dangerous urban waste.

1.5 *Self-sufficiency and proximity in urban waste management*

The European principles of self-sufficiency and proximity have a significant influence on the way in which urban waste is organised and managed.

Article 16 of Directive 2008/98/EC states that Member States shall take appropriate measures to establish an integrated and adequate network of plants for waste disposal and for the recovery of unsorted municipal waste. The network of plants shall be designed to enable the community to become self-sufficient in waste disposal as well as in waste recovery (principle of self-sufficiency). The European network of plants, articulated at national level to address the principle of self-sufficiency, allows for the disposal or recovery of unsorted municipal waste in one of the appropriate plants closest to the place of collection (proximity principle).

The principles of proximity and self-sufficiency do not require each Member State to be equipped with the full range of final recovery facilities but are nevertheless an objective that each Member State should aim at, in order to ensure a high level of protection of the environment and public health.

The European principles of self-sufficiency and proximity have been implemented in Italy by Article 182-bis of Legislative Decree no. 152 of 3 April 2006 (introduced by Article 9 of Legislative Decree no. 205 of 3 December 2010). The article in question provides the waste disposal and the recovery of unsorted urban waste to be carried out by resorting to an integrated and adequate network of plants, taking into account the best available techniques, in order to achieve self-sufficiency in the disposal of non-dangerous urban waste and the waste of their treatment in optimal territorial areas.

In order to ensure self-sufficiency, the waste disposal and the recovery of unsorted urban waste are ensured by an integrated network of facilities closer to the place of production or collection, in order to reduce the movement of waste (proximity principle).

The principle of local self-sufficiency in the disposal of non-dangerous municipal waste and that resulting from its treatment has a natural reference in the so-called “Ambito Territoriale Ottimale” (ATO). However, if it is not possible to dispose of waste within the boundaries of the area, there is no prohibition to dispose of non-dangerous urban waste in another area, although within the boundaries of the region.

It should be emphasised that the principle of local self-sufficiency in disposal, which identifies an obligation only for non-dangerous municipal waste, cannot be extended to other waste, such as special waste.

2. ARERA and related powers

The Regulatory Authority for Energy, Networks and Environment (ARERA) is an independent body, established by Law no. 481 of 14 November 1995 "Rules for competition and regulation of public utility services. Establishment of Regulatory Authorities for public utility services" with the task of protecting the interests of consumers and promoting competition, efficiency and the distribution of services with adequate levels of quality, through the activity of regulation and control.

Article 1, para. 527 of Law No. 205 of 27 December 2017 also entrusted the Authority with the functions of regulation and control of the waste cycle, including sorted, urban and assimilated waste. Also for this sector, the attributed competences are carried out with the same powers and within the framework of the principles, purposes and attributions, including those of a sanctioning nature, established by the founding law no.481/1995.

The Authority regulates its areas of competence through measures (resolutions) and, in particular:

(i) prepares and updates the tariff method for determining the fees for the integrated waste service and approves the tariffs prepared by the parties in charge;

(ii) promotes infrastructure investments with particular reference to adequacy, efficiency and safety;

(iii) ensures publicity and transparency of service conditions;

(iv) promotes higher levels of competition and more adequate security standards in supplies, with particular attention to the harmonisation of regulation for the integration of markets and networks at international level;

(v) lays down provisions on the separation of accounts;

(vi) defines minimum service quality levels for technical and contractual aspects and service standards;

(vii) increases levels of consumer protection, awareness and information;

(viii) defines the standard of the service contract in accordance with Article 203 of the Environmental Code;

(ix) may impose sanctions and assess and possibly accept commitments from companies to restore damaged interests (Legislative Decree no. 93/11); and

(x) also plays an advisory role to Parliament and Government, it may submit recommendations and proposals thereto; it presents an annual report on the state of services and the activities carried out.

2.1 *ATOs and their powers*

Pursuant to Article 200 of the Environmental Code, the integrated waste management service is organised on the basis of the subdivision of the regional territory into ATOs delimited by the aforementioned regional plans, with the aim of overcoming the fragmentation of waste management and achieving a more appropriate territorial dimension for waste management based on physical data, demographic and technical requirements, and political and administrative divisions.

Each ATO is governed by the local waste authorities (autorità per il servizio di gestione integrata dei rifiuti),

which are supra-municipal bodies, representing all the relevant municipalities included in the relevant ATO, entrusted with the competencies on the organization of the integrated waste management service, as transferred by the interested municipalities.

In this regard, as provided for by Article 30 of Regional Law no. 69/2011, the Region Tuscany established three different ATOs as of 1 January 2012: "ATO Toscana Centro", "ATO Toscana Costa" and "ATO Toscana Sud". The Issuer operates within ATO Toscana Centro area, which represents the municipalities falling within the Metropolitan City of Firenze and the Provinces of Prato and Pistoia.

The local Authority for waste of ATO Toscana Centro has the following tasks: (i) to plan in detail the management of municipal waste through a specific plan within the ATO (the "ATO Plan"- (Piano d'Ambito)); (ii) to assign the integrated waste management service to a single waste manager pursuant to Article 42 of Regional Law no. 69/2011 and Article 26 of Regional Law no. 61/2007; (iii) determining the tariff and the quality of the service offered by the single waste manager (gestore unico dei rifiuti); and (iv) monitoring and supervising the service and the activities carried out by the selected operator, in order to guarantee the correct application of tariffs and the achievement of the objectives and quality levels set out in the ATO Plan.

By means of a call for tenders published in the OJEU on 5 December 2012, S/234 and in the GURI, V special series, 7 December 2012, no. 143, the "Restricted procedure for the concession of the integrated management service of urban waste" called by ATO Toscana Centro was definitively awarded, pursuant to Article 202 of the Legislative Decree no. 152/2006 and Article26 of the Regional Law Toscana no. 61/2007, to the group formed by: Quadrifoglio S.p.A. (agent), ASM S.p.a. (principal), Publiambiente S.p.A. (principal), CIS S.r.l. (principal), the service of integrated management of urban waste.

2.2 *The Alia Supply Contract*

The purpose of the Concession is the exclusive award of the integrated management of urban waste pursuant to Article 183, paragraph 1, letters n), ll), and oo), of the Environmental Code, and its implementing rules.

On 31 August 2017, ATO Toscana Centro and the Issuer entered into the Service Agreement for the integrated management of municipal waste.

By way of deed no. 17/2020, the ATO Shareholders' Meeting resolved to implement the ARERA MTR, with following adjustment of the supply contract to the regulatory and contractual mechanisms. By resolution no. 11/21 of the Issuer's Board of Directors and resolution no. 7/2021 of the ATO Shareholders' Meeting, the Parties formalised the amendments to be made to the contract. On 6 October 2021 (repertorio no. 28183) ATO and the Issuer signed the integration to the service agreement. The architecture of the contractual structure has already been fully detailed in the previous section of the Prospectus dedicated to the description of the Issuer.

2.3 *The standard supply contract for the integrated waste management service*

ARERA, by Resolution no. 362/2020/R/rif of 6 October 2020, initiated the procedure for the preparation of standard supply contract models, the conclusion of which was expected by 31 July 2021 but has not materialised yet. In addition, it initiated the consultation of the quality regulation document 422/2021/R/rif, in order to ensure an adequate (contractual and technical) level of service quality.

These resolutions may lead to an update of the current contractual document, including penalty and bonus mechanisms.

2.4 *Environmental regulation*

Like other companies operating within the public services sector, the Issuer is subject to the application of environmental laws and regulations.

Environmental regulations in Italy are constantly evolving. Among the most significant environmental regulations at EU, national and regional level, those applicable to to the Issuer are, in particular, those concerning proper waste management (Part IV), air emissions and water discharges as per the Environmental Code and other implementing regulations, as well as those concerning energy production.

Failure to comply with these provisions may result in administrative sanctions as well as criminal sanctions.

2.5 *Liability for contamination*

As regards liability for pollution, Italian environmental law is based on the "polluter pays" principle set out under 174, para. 2 of the Treaty of the European Union and implemented under the Environmental Code. The Environmental Code (Article 242 and ff.) provides the remedial measures in case the pollution thresholds - varying according to the class of use of the site - are exceeded, regardless of whether the polluter has been identified and has actually fulfilled its remedial obligations.

In the event that the polluter is not identified or, once identified, fails to carry out the remediation and decontamination works (attività di bonifica), the competent public authorities shall be directly responsible for the remediation work and, if the polluter has been identified, the same authorities may recover the remediation costs from the polluter.

If the polluter is not identified or is insolvent, public authorities adopt a resolution which has the effect of imposing on the property at issue a so-called 'real encumbrance (i.e. a propter rem obligation which binds the owner of the land to reimburse the cost incurred by the authorities in carrying out the decontamination and remediation works, even though it is not liable for the pollution). For this reason, following the approval of the project regarding the decontamination and remediation works, the charge in rem is registered in the land registers and included in the relevant town planning certificate (certificato di destinazione urbanistica) and can be enforced against any party purchasing the land.

If, by way of an real encumbrance (onere reale), the public authority requires the owner of the site (even if not liable for pollution) to reimburse the cost of remediation work carried out by the authority: (i) the owner's liability cannot exceed the market value of the site after remediation; (ii) the owner satisfying the real encumbrance by reimbursing the remediation costs to the authority (or the owner deciding to carry out the remediation and decontamination works) is entitled to recover from the polluter the money spent.

Under the polluter pays principle, the authority would not be entitled to require the owner of the site (who is not liable for pollution) to carry out the remediation works - the authority can only require the owner to reimburse the cost of the remediation works and, alternatively, the owner can choose to carry out the works on site.

According to some case law, the authority has been able to require the owner, although not liable for pollution, to carry out the remediation, without prejudice to the owner's right to recover costs from the actual liable entity (if possible). However, this approach - which is extremely protective of the authority - has not been supported to date by the Council of State (Consiglio di Stato) (among others, No. 4875/2016). Indeed, the European Court of Justice case law (Court of Justice, No. 188/2008 and No. 534-13/2015) maintained that requesting the payment of the costs for the remediation works upon subjects not liable for pollution would entail a violation of the principle of “polluter pays”.

Without prejudice to all the above, it shall be highlighted that other Council of State's case law (e.g., no. 1089/2017) maintained that the works for the restoration of the safety of the site (messa in sicurezza del sito) qualifies as "damage prevention measure", therefore excluding the penalty or remedy nature. The above implies that the obligation upon the owner of adopting preventing measure for the purposes of eliminate or reduce any health and environmental risk is compliant with the applicable regulatory framework.

2.6 *Health and Safety*

The Issuer is subject to laws and regulations on health and safety in the workplace in relation to the activities performed.

In this regard, the Issuer has a great responsibility especially with regard to the employer's obligation to protect workers at work, in accordance with the provisions of Article 2087 of the Civil Code and Legislative Decree no. 81/2008 and subsequent additions and amendments (the "Consolidated Act on the protection of health and safety in the workplace").

Violation of health and safety laws and regulations in the performance of the Issuer's business, failure to comply with the provisions of the competent health and safety authority and/or the occurrence of accidents or injuries to employees at work may result in claims, penalties, expenses to make the workplace compliant with safety standards and suspension of activities, as well as in administrative sanctions and/or criminal sanctions.

2.7 *Public tenders and other applicable regulations*

The Issuer does not fall within the group of awarding administration (amministrazioni aggiudicatrici), since it can no longer be described as a "body governed by public law". In fact, it lost the teleological requirement of this definition: that of being established for the specific purpose of addressing needs in the general interest, not having an industrial or commercial character.

In fact, the Issuer is no longer the instrument chosen by Municipalities to manage their environmental waste management service. It changed its by-laws (statuto) and its corporate purpose is now to offer environmental services on the market. It was awarded of the European tender called by ATO Toscana Centro and was therefore entitled by a market procedure to carry out the municipal waste management service under concession.

Pursuant to Legislative Decree no. 50 of 18 April 2016 (the so-called "Public Contracts Code"), which implemented the European directives on public contracts and concessions, the service concessionaire chosen by means of a tender is required to behave like an awarding administration when awarding contracts to third parties, only in relation to construction contracts strictly instrumental to the operation of the concession (and when the resulting works become owned by the awarding administration).

Without prejudice to the above, the Issuer's contractual activity, with reference to service and supply contracts, qualifies as an activity functional to the exercise of the concession falling within the concessionaire's private autonomy, and is governed by private law.

Moreover, rules on public tenders are strongly affected by any change in the relevant EU legislation, developments in administrative case law and guidelines of the Italian National Anti-Corruption Authority (Autorità Nazionale Anti-Corruzione - ANAC).

Moreover, as clarified by ANAC guidelines set forth in Resolution no. 8 of 17 June 2015, on the possible

application of the rules on prevention of corruption and transparency to publicly held entities, the Issuer, as falling within these categories, would be subject, inter alia, to the following rules:

(i) Law no. 190/2012 – the so-called "Anti-Corruption Law" – as subsequently supplemented and amended, requiring, among other things, the appointment of a corruption prevention officer and the adoption of a plan for the prevention of corruption by public companies;

(ii) Legislative Decree no. 159/2011 – the so-called "Antimafia Decree" – as subsequently supplemented and amended, which requires, inter alia, the acquisition of anti-mafia documentation prior to the execution of contracts and subcontracts relating to works, services and supplies;

(iii) Law no. 136/2010 – the so-called "Extraordinary Plan against Mafia" – which, among other things, provides for specific obligations for the management of payments between the contracting authority and contactors; a) the use of bank or post office accounts dedicated to public contracts; b) the performance of financial transactions relating to public contracts only through bank or post office, or by resorting to other payment tools allowing the full traceability of transactions; and c) the indication, for each transaction, of the identification code of the offer (CIG).

In addition to all the above, the Issuer – as a municipal controlled company – is subject to the application of the Legislative Decree no. 175/2016 ("**Madia Decree**"), as subsequently supplemented and/or amended. The Madia Decree was adopted in compliance with Articles 16 and 18 of Law no. 124/2015 whereby the Government was entrusted with the adoption of a set of legislative decree for the purposes of the reorganization of the previous regulations on publicly owned companies, with the aim of reducing and rationalizing the phenomenon of publicly owned companies, also having regard to an efficient management of such shareholdings and the containment of public expenditure. These rules concern, inter alia, the incorporation of companies by public administrations, the purchase, maintenance and management of shareholdings by such administrations in companies with total or partial (direct or indirect) public shareholdings, as well as the regulation of corporate governance, the requirements and remuneration of members of corporate bodies and personnel management. The provisions of the Madia Decree apply also to listed companies.

Furthermore, it is worth highlighting that on 4 November 2021 a draft of the annual market and competition law for 2021 has been filed with the Council of Ministers for the purposes of the subsequent approval by the Parliament. With respect to the above, Article 6 provides that the Government is entrusted with the adoption of a legislative decree for the purposes of the reorganization of the local public services (servizi pubblici locali), with specific regard to, among others, the integrated waste management service. The above legislative decree shall, inter alia:

(a) limit the in-house management of local public services (and, in general, the management by means of exclusive and special regimes) by requesting (i) strengthened motivations in terms of efficiency and (ii) additional communication (also to the National Competition Authority – AGCM). In this respect, the legislative decree shall also introduce a transitional regime setting the terms and conditions to align the existing in-house managements to the above criteria, for the purposes of ensuring the protection of fair competition and the efficiency of the management;

(b) set mechanisms promoting the aggregation of public services on a local level;

(c) review the sectorial regulations (e.g., waste management) for the purposes of ensuring the relevant compliance and armonisation with the Public Contracts Code and the Madia Decree; and

(d) introduce standard schemes for the service (contratti di servizio tipo) contracts regarding the management of local public services.

2.8 *Tariff*

2.8.1 *ARERA's new Waste Tariff Method*

In 2020, ARERA, within the scope of the powers attributed to it on the matter of the waste cycle, including differentiated, urban and assimilated waste, proceeded to implement the innovative and asymmetric regulation, defined in 2019, consistent with a multi-level institutional set-up and capable of taking into account the most significant elements found in the different contexts.

By means of the new Waste Tariff Method (Metodo tariffario rifiuti or MTR) - introduced at the end of 2019 (Resolution no. 443/2019/r/rif of 31 October 2019) and aimed at incorporating some initial key elements of transparency, efficiency and selectivity, as well as strengthening the consistency and proper allocation of incentives at the different stages of the supply chain - a common normative framework was defined, certain and shared for determining the fees for the integrated waste service and the individual services which constitute management activities, to cover operating and investment costs, including the remuneration of capital, based on an assessment of efficient costs and the "polluter pays" principle.

During 2021, ARERA launched the second period of tariff regulation for the waste sector by introducing the MTR-2, valid from 2022 to 2025 (Resolution no. 363/2021/r/rif of 3 August 2021) which, while confirming the general structure of the Method presented at the end of 2019, introduces some new features expanding the scope of control of the supply chain and consequently the number of stakeholders.

While the first MTR introduced the recognition of efficient operating and investment costs for the phases of the waste chain up to disposal, the MTR-2 now regulates also the tariffs for access to urban waste treatment, recovery and disposal plants. In other words, it goes as far as the "gate" of plants and landfills, providing for a four-year plan, rewarding the use of treatment plants which enhance the value of waste and decisively penalising landfilling.

In order to address the obvious territorial and management differences, both in terms of the presence of plants and the management of waste flows, the Authority confirmed an "asymmetrical" tariff regulation model, introducing an incentive mechanism through equalisation (perequazione), based on waste hierarchy, which provides for components to compensate for or increase the access fees depending on the type of plant.

Plants are classified based on the degree of integration of the waste management entity concerned and distinguished between: (a) integrated operators (which manage more than one stage of the supply chain and have treatment plants already considered in the regulation of the MTR) ; and (b) non-integrated operators. The non-integrated operator category was sub-divided into:

- “minimum plants” closing the waste management cycle (i.e., classified as essential) and

- “additional plants” closing the waste management cycle (i.e., other than the minimum plants).

The equalisation mechanism, as well as the envisaged limit on the tariffs for access to the same plants, aim to make local entities responsible, supporting the paths towards improving management efficiency, completing the supply chain and building plants to close the waste cycle, rewarding territorial proximity.

Therefore, in addition to applying to all integrated operators and their plants, the MTR-2 regulation applies to non-integrated operators operating "minimum" plants, with the introduction of decreasing

incentives based on the type of treatment they operate on waste (composting, anaerobic digestion, waste-to-energy).

Landfilling is always penalised.

2.8.2 *The tariff methods currently applied to users*

The options currently applicable for determining the fee for users are contained in Law no. 147/2013 establishing TARI (Tassa Rifiuti), which provides for the municipality to be able to choose among a number of options to determine the user's fee. In particular, the Municipality may opt for (i) the application of a tariff in the form of a tax or (ii) the application of a tariff in the form of a fee in case a system for precise measurement of the quantity of waste has been adopted and it is provided under the relevant municipal regulation, as provided under Article 1, para. 668 of Law no. 147/2013. In case under point (ii) above, the tariff is collected by the entity awarded with the municipal integrated waste management service. In addition, while in the context of the computation of the tariff the Municipality might take into account the criteria set under the Presidential Decree no. 158/1999, the method of calculation of the corresponding tariff is defined by the Municipality in the municipal regulation (also inspired by the Presidential Decree no. 158/1999) on the basis of its own specific objectives.

Moreover, in case under point (i) above, the Municipality may adopt a tariff as determined on the basis of (a) the Presidential Decree no. 158/99, which is the most widespread option to date, or (b) the average quantity and quality of waste produced per unit area in relation to the uses and types of activities carried out, as well as with the cost of the waste service , in compliance with the "polluter pays" principle, as provided under Article 1, para. 652 of Law no. 147/2013.

Even in case Municipalities have adopted systems for precise measurement of the quantity of waste, they are not, however, bound to adopt the corresponding tariff model, and can still opt for the tariff in the form of a tax.

The "precise tariff" (tariffa puntuale) or "TARIP" applies in case Municipalities decide to apply precise measurement systems of the produced waste. The TARIP is composed of a fixed component and variable component. In this respect, the Ministerial Decree of 20 April 2017 stipulates that users must be identified by a personal and unique code allowing the identification of the user delivering wastes, the record of the number of delivery and the measurement of the quantity of waste delivered. The precise measurement of the quantity of waste delivered is obtained by determining, as minimum requirement, the weight or the volume of the quantity of residual urban waste (Rifiuto Urbano Residuo - RUR), or the residual waste from the differentiated collection of urban and assimilated waste, conferred by each user to the public waste management service, in compliance with Article 6 of the Ministerial Decree of 20 April 2017. Without prejudice to the above, Municipalities can measure, in addition to the RUR, the differentiated fractions, for the measurement of which further simplified systems for determining the quantities are allowed.

On the contrary, as per the fixed component, no provisions are set under the above Ministerial Decree and, therefore, is generally calculated on the basis of presumptive coefficients pursuant to Presidential Decree no. 158/1999.

For sake of completeness, also for the variable portion, the Ministerial Decree envisages the possibility of using calculated and unmeasured components, by adopting computation criteria linked to the quality of the service supplied and the number of services made available to the individual user, even when the latter does not use them.

Pursuant to Directive 2018/851/EU (implemented by Legislative Decree no. 116/2020), precise tariff

regimes (pay as you throw) which waste producers are required to pay based on the actual amount of waste generated and providing for incentives for separation at source of recyclable waste and reduction of unsorted waste, are included among the instruments to promote the circular economy through increased application of the waste hierarchy.

TAXATION

The statements herein regarding taxation are based on the laws in force as at the date hereof and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes. This summary is based upon the laws and/or practice in force as at the date hereof. Italian tax laws and interpretations may be subject to frequent changes which could be made on a retroactive basis. The Issuer will not update this summary to reflect changes in laws and/or in practice and if such a change occurs, the information in this summary could become invalid.

Tax treatment of interest

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

For these purposes, securities similar to bonds (*titoli similari alle obbligazioni*) are securities that incorporate an unconditional obligation for the Issuer to actually pay, at maturity an amount not lower than their nominal value, with or without the payment of periodic interest, and do not give any right to directly or indirectly participate in the management of the issuer or to the business in connection to which the securities were issued, nor to control the same.

Italian-resident Noteholders

Noteholders not engaged in an entrepreneurial activity

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

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

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

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

an investor exempt from Italian corporate income taxation,

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

Subject to certain conditions (including a minimum holding period requirement) and limitations, Interest relating to the Notes (being financial instruments issued by an Italian resident corporation) may be exempt from any income taxation (including the 26 per cent. *imposta sostitutiva*) if the Noteholder is an Italian resident individual not engaged in entrepreneurial activity or a social security entity pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 and the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Noteholders engaged in an entrepreneurial activity

In the event that the Italian-resident Noteholders mentioned under letters a) and c) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax. Interest will be included in the relevant beneficial owner's Italian income tax return and will be subject to Italian ordinary income taxation and the *imposta sostitutiva* may be recovered as a deduction from Italian income tax due.

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

Real estate investment funds and real estate SICAFs

Payments of interest deriving from the Notes made to Italian resident real estate collective investment funds and real estate closed-ended investment companies (s*ocietà di investimento a capitale fisso*, or "**SICAFs**"), provided that the Notes, together with the coupons relating thereto, are timely deposited directly or indirectly with an Italian authorised financial intermediary (or permanent establishment in Italy of a non-resident intermediary) are subject neither to *imposta sostitutiva* nor to any other income tax at the level of the real estate investment fund or the real estate SICAF. However, a withholding or substitute tax of 26 per cent. will apply, in certain circumstances, to income realised by unitholders or shareholders in the event of distributions, redemption or sale of the units or shares. Moreover, subject to certain conditions, income realised by Italian real estate investment funds or real estate SICAFs is attributed pro rata to the Italian resident unitholders irrespective of any actual distribution on a tax transparency basis.

Funds, SICAVs and non-real estate SICAFs

If an Italian resident Noteholder is a non-real estate open-ended or a closed-ended collective investment fund ("**Fund**"), an open-ended investment company (*società di investimento a capitale variabile*, or "**SICAV**") or a non-real estate SICAF established in Italy and either (i) the Fund, SICAV or the non-real estate SICAF or (ii) their manager is subject to the supervision of a regulatory authority and the Notes are deposited with an authorised intermediary, interest accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund, the SICAV or

the non-real estate SICAF. The Fund, the SICAV or the non-real estate SICAF are subject neither to *imposta sostitutiva* nor to any other income tax at their level, but a withholding tax of 26 per cent. will be levied, in certain circumstances, by the Fund, the SICAV or the non-real estate SICAF on proceeds distributed in favour of their unitholders or shareholders.

Pension funds

If an Italian-resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of December 5, 2005) and the Notes are deposited with an authorised intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the results of the relevant portfolio accrued at the end of the tax period (which will be subject to a 20 per cent. substitute tax). Subject to certain limitations and requirements (including a minimum holding period) Interest in respects to the Notes may be excluded from the taxable base of the 20 per cent. substitute tax pursuant to Article 1, paragraph 92, of Law No. 232 of 11 December 2016, if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Application of the imposta sostitutiva

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

An Intermediary must:

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

(b) participate, in any way, in the collection of Interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change in ownership of the relevant Notes or in a change in the Intermediary with which the Notes are deposited.

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

Non-Italian resident Noteholders

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

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

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

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

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

In order to ensure gross payment, non-resident Noteholders beneficial owner of the Interest must promptly deposit the Notes together with the coupons relating to such Notes 'directly or indirectly' with:

(i) an Italian or non-resident bank or financial institution (there is no requirement for the bank or financial institution to be EU resident) (the "**First Level Bank**"), acting as intermediary in the deposit of the Notes held, directly or indirectly, by the Noteholder with a Second Level Bank (as defined below); or

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

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

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

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

Such statement must comply with the requirements set forth by a Ministerial Decree dated 12 December 2001, is valid until withdrawn or revoked (unless some information provided therein has changed) and does not need to be submitted where a certificate, declaration or other similar document for the same or equivalent purposes was previously submitted to the same depository. The above statement is not required for non-Italian resident investors that are international bodies or entities set up in accordance with international agreements entered into force in Italy referred to in point (b) above or Central Banks or entities also authorised to manage the official reserves of a State referred to in point (d) above. Additional requirements are provided for "institutional investors" referred to in point (c) above (in this respect see, among others, Circular Letters Nos. 23/E of 1 March 2002 and No. 20/E of 27 March 2003).

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

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

Tax treatment of capital gains

Italian-resident Noteholders

Noteholders not engaged in an entrepreneurial activity

Where an Italian-resident Noteholder is an individual not engaged in an entrepreneurial activity to which the Notes are connected, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to a capital gain tax (*imposta sostitutiva*, or "**CGT**") levied at a rate of 26 per cent. Noteholders may set off any capital losses with their capital gains.

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

Tax return regime

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

Non-discretionary investment portfolio regime (Risparmio amministrato regime)

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

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

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

The depository must account for the CGT in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay the CGT to the Italian tax authorities on behalf of the Noteholder, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, any

possible capital loss resulting from a sale or redemption or certain other transfer of the Notes may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years, up until the fourth tax year. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains/losses realised within said regime in the annual tax return.

Discretionary investment portfolio regime (Risparmio gestito regime)

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

Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains on the Notes may be exempt from any income taxation (including from the 26 per cent. CGT) if the Noteholder is an Italian resident individual not engaged in entrepreneurial activity or a social security entity pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 and the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Noteholders engaged in an entrepreneurial activity

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

Real estate investment funds and real estate SICAFs

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

Funds, SICAVs and non-real estate SICAFs

Any capital gains realised by a Noteholder which is a Fund, a SICAV or a non-real estate SICAF will not be subject to CGT but will be included in the result of the relevant portfolio accrued at the end of the relevant fiscal year. Such result will not be taxed at the level of the Fund, the SICAV or the non-real estate SICAF,

but income realised by the unitholders or shareholders in case of distributions, redemption or sale of the units/shares may be subject to a withholding tax of 26 per cent.

Pension funds

Any capital gains realised by a Noteholder which qualifies as an Italian pension fund (subject to the regime provided for by Article 17 of Legislative Decree No. 252 of December 5, 2005) will be included in the result of the relevant portfolio accrued at the end of the relevant tax period, and subject to 20 per cent. substitute tax. Subject to certain limitations and requirements (including a minimum holding period), capital gains realised in respect of the Notes may be excluded from the taxable base of the substitute tax pursuant to Article 1, paragraph 92, of Law No. 232 of 11 December 2016, if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth by Italian law.

Non-Italian resident Noteholders

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

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

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

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

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

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

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

If none of the above conditions is met, capital gains realised by non-Italian resident Noteholders from the sale or the redemption of Notes issued by an Italian resident issuer and not traded on regulated markets may be subject to CGT at the current rate of 26 per cent. However, Noteholders might benefit from an applicable tax treaty with Italy, providing that capital gains realised upon the sale or redemption of the

Notes are to be taxed only in the State where the recipient is tax resident, subject to certain conditions to be satisfied.

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

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

Fungible assets

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

Certain reporting obligations for Italian-resident Noteholders

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

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

Italian inheritance tax and gift tax

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

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

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

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

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

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

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

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

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

Wealth tax – direct holding

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

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

Stamp taxes and duties – holding through financial intermediary

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

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

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

Registration tax

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

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

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

SUBSCRIPTION AND SALE

The Placement Agents have, in an engagement letter dated 1 February 2022 and entered into by and between the Issuer and the Placement Agents (the "**Engagement Letter**"), upon the terms and subject to the conditions contained therein, agreed to use their reasonable endeavours to procure purchasers who will subscribe and pay for the Notes at an issue price of 100 per cent. of their principal amount. The Issuer has agreed to pay the Placement Agents certain commissions for the services provided according to the Engagement Letter. The Placement Agents are entitled in certain circumstances to be released and discharged from their respective obligations under the Engagement Letter prior to the issue of the Notes.

SELLING RESTRICTIONS

The following paragraphs set out certain restrictions on the offering and sale of the Notes and the distribution of this Prospectus.

General

No action has been or will be taken in any jurisdiction by the Issuer or the Placement Agents that would, or is intended to, permit a public offering of the Notes, or possession or distribution of this Prospectus or any other offering material, in any country or jurisdiction where action for that purpose is required. Persons into whose hands this Prospectus comes are required by the Issuer or the Placement Agents to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or have in their possession, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

United States of America

The Notes have not been and will not be registered under the Securities Act or any U.S. State securities laws in the United States and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, "U.S. persons", except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S.

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

Prohibition of Sales to EEA Retail Investors

The Notes have not been offered, sold or otherwise made available and will not be offered, sold or otherwise made available to any retail investor in the European Economic Area.

For the purposes of this provision:

(i) the expression "retail investor" means a person who is one (or more) of the following:

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

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

(c) not a qualified investor as defined in the Prospectus Regulation.

(ii) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Republic of Italy

The offering of the Notes has not been registered with the CONSOB pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2, paragraph 1, letter (e) of the Prospectus Regulation, Article 100 of the Consolidated Financial Act and any applicable provision of Italian laws and CONSOB regulations; or

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

Any such offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must:

(i) be made by *soggetti abilitati* (including investment firms, banks or financial intermediaries), as defined under Article 1, paragraph 1, letter (r), of the Consolidated Financial Act, permitted to conduct such activities in the Republic of Italy in accordance with the relevant provisions of the Consolidated Financial Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "**Consolidated Banking Act**") and any other applicable laws and regulations; and

(ii) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

United Kingdom

Prohibition of Sales to UK Retail Investors

The Notes have not been offered, sold or otherwise made available and will not be offered, sold or otherwise made available to any retail investor in the UK.

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

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

(b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that

customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or

(c) not a qualified investor as defined in Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the EUWA.

(ii) the expression "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Other regulatory restrictions

The Placement Agents have agreed that:

(i) they have only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

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

GENERAL INFORMATION

Authorisation

The issue of the Notes was duly authorised by a (i) resolution of the Board of Directors of the Issuer dated 23 November 2021, notarized by Public Notary Vincenzo Gunnella (*repertorio* No. 55.423, *raccolta* No. 27.529) and registered with the Companies' Register of Florence on 26 November 2021, (ii) a resolution of the Board of Directors of the Issuer dated 6 December 2021, notarised by Public Notary Vincenzo Gunnella (*repertorio* No. 55.222, raccolta No. 27.579) and registered with the Companies' Register of Florence on 13 December 2021, (iii) a resolution of the Board of Directors of the Issuer dated 25 January 2022, notarised by Public Notary Vincenzo Gunnella (*repertorio* No. 55.785, raccolta No. 27.723) and registered with the Companies' Register of Florence on 31 January 2022 and (iv) a resolution of the Managing Director of the Issuer dated 16 February 2022, notarised by Public Notary Vincenzo Gunnella (*repertorio* No. 55.882, *raccolta* no. 27.766) and registered with the Companies' Register of Florence on 17 February 2022.

Listing and Admission to Trading

Application has been made to Euronext Dublin for the Notes to be listed on the Official List and admitted to trading on the Regulated Market of Euronext Dublin. Admission is expected to take effect on or about the Issue Date. The Regulated Market is a regulated market for the purposes of MiFID II.

Listing Agent

Walkers Listing Services Limited is acting solely in its capacity as Listing Agent for the Issuer in relation to only the admission to listing of the Notes on the Regulated Market of Euronext Dublin and is not itself seeking admission of the Notes to the Official List of Euronext Dublin or trading on the Regulated Market of Euronext Dublin.

Use of Proceeds

The proceeds of the Notes, which are estimated to be Euro 90,000,000 will be used by the Issuer for its general corporate purposes and to refinance, in whole or in part, the Existing Indebtedness.

Expenses Related to Admission to Trading

The total expenses related to admission to trading are estimated at Euro 4,790 including all fees payable to maturity.

Clearing

The Notes will be held in dematerialised form (*forma dematerializzata*) by Monte Titoli S.p.A. for its account holders. The registered office and principal place of business of Monte Titoli S.p.A. is at Piazza degli Affari 6, 20123 Milan, Italy.

The Notes have been accepted for clearance by Monte Titoli S.p.A. and have the following ISIN assigned to them: IT0005467680.

Legal Entity Identifier (LEI)

The Issuer's Legal Entity Identifier (LEI) is 8156000F08FF2876F938.

Significant or Material Change

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

Legal Proceedings

Save as disclosed in section "*Description of the Issuer – Legal Proceedings*" of this Prospectus, the Issuer is not or has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 (twelve) months preceding the date of this document which may have, or have in such period had, a significant effect on the financial position or profitability of the Issuer and/or the Group.

Independent Auditors

PriceWaterhouseCoopers S.p.A. ("**PwC**") has audited, in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with Article 11 of Legislative Decree No. 39 dated 27 January 2010, the Issuer's consolidated financial statements for the financial years ended on 31 December 2020 as stated in the English translation of their reports incorporated by reference herein. The financial statements as of 31 December 2020 and 31 December 2019 and for the years then ended were prepared in accordance with IFRS as adopted in the European Union Regulation No. 1606/2002 and the requirements of Italian regulations issued pursuant to Article 9 of Italian Legislative Decree no. 38/2005. The English translation of the annual financial statements referred to above, together with the English translation of the relevant independent auditors' report, are incorporated by reference in this Prospectus.

PwC is authorised and regulated by The Italian Ministry of Economy and Finance ("**MEF**") and registered on the special register of auditing firms held by the MEF. The registered office of PwC is at Via Monte Rosa, 91, 20149 Milan, Italy.

PwC is a member of ASSIREVI, the Italian association of auditing firms.

Documents Available

For as long as the Notes shall be outstanding, copies of the following documents will, when published, be available in physical format for inspection from the specified office of the Paying Agent:

(a) the By-laws (*statuto*) of the Issuer (with an English translation thereof) (available also on the Issuer's website, see the following hyperlink: https://www.aliaserviziambientali.it/investor-relations/prospetto-informativo/);

(b) the Consolidated Annual Report 2019 and the Consolidated Annual Report 2020 (with an English translation thereof);

(c) the Agency Agreement (which will be electronically available for viewing also on the Issuer's website, https://www.aliaserviziambientali.it/investor-relations/prospetto-informativo/); and

(d) a copy of this Prospectus, any supplement thereto, if any, and any document incorporated by reference therein.

A copy of this Prospectus will also be electronically available for viewing on the website of Euronext Dublin (*https://live.euronext.com/*). A copy of the documents incorporated by reference in this Prospectus will

be electronically available for viewing on the Issuer's website (https://www.aliaserviziambientali.it/investor-relations/prospetto-informativo/).

Notices to Noteholders

For so long as the Notes are listed on the Regulated Market, all notices to the Noteholders regarding such Notes shall be published on the website of the Issuer and the website of Euronext Dublin (https://live.euronext.com) as appointed mechanism for storing and disseminating regulated information.

Foreign Languages used in the Prospectus

The legally binding language of this Prospectus, according to Article 27 of the Prospectus Regulation, is English, however certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Post-issuance Information

The Issuer will not provide any post-issuance information, except if required by any applicable laws and regulations.

Rating

None of the Issuer and the Notes is rated.

Interest of natural and legal persons involved in the issue of the Notes

The Placement Agents and/or their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities.

The Placement Agents and/or their respective affiliates from time to time have provided in the past, and may provide in the future, investment banking, financial advisory and commercial banking services to the Issuer and/or its affiliates in the ordinary course of business, for which they have received, or may receive, customary fees and commissions.

Furthermore, in the ordinary course of business, the Placement Agents and/or their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans), both for their own account and for the account of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer and/or the Issuer's affiliates. The Placement Agents and/or their respective affiliates that have a lending relationship with the Issuer and/or its affiliates, may routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies.

Typically, the Placement Agents and/or their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Placement Agents and/or their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The Placement Agents and/or their respective affiliates may also act as counterparties in the hedging

arrangements that the Issuer may enter into in connection with such refinancing arrangements and will receive customary fees for their services in such capacities.

In the context of the abovementioned transactions aimed at refinancing the Indebtedness of the Issuer and/or of its Subsidiaries existing at the Issue Date, the Placement Agents and/or their affiliates may also buy part of the Notes and hold them for a certain period of time, not necessarily up to the Maturity Date.

For the purpose of this paragraph, the word "affiliates" also includes the Placement Agents' parent company (if any).

ISSUER

Alia Servizi Ambientali S.p.A.
Via Baccio da Montelupo, 52
50142, Florence
Italy

PLACEMENT AGENTS

UniCredit Bank AG
Arabellastrasse, 12
81925 Munich
Germany

Intesa Sanpaolo S.p.A.
Divisione IMI Corporate & Investment Banking
Via Manzoni 4
20121 Milan
Italy

PAYING AGENT

Banca Finanziaria Internazionale
Via Vittorio Alfieri, 1
31015 Conegliano (TV)
Italy

LEGAL ADVISERS

To the Issuer as to Italian Law
BonelliErede
Via Vittoria Colonna, 39
00193 Rome
Italy

To the Placement Agents as to Italian Law
Chiomenti
Via Verdi, 4
20121 Milan
Italy

INDEPENDENT AUDITORS

To the Issuer
PriceWaterhouseCoopers S.p.A.
Via Monte Rosa, 91
20149 Milan
Italy

LISTING AGENT

Walkers Listing Services Limited
17/19 Sir John Rogerson's Quay
Dublin 2
Ireland