

## BASE PROSPECTUS



### UNIPOL GRUPPO S.p.A.

*(incorporated with limited liability in the Republic of Italy)*

**€3,000,000,000**

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

Under this €3,000,000,000 Euro Medium Term Note Programme (the **Programme**), Unipol Gruppo S.p.A. (**UG** or the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €3,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

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

**An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "Risk Factors" beginning on page 13.**

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (**Securities Act**), or any other U.S. Federal or State securities laws and may not be offered or sold in the United States or, if Category 2 is specified in the Final Terms, to, or for the account or benefit of, U.S. persons (**U.S. persons**) as defined in Regulation S under the Securities Act (**Regulation S**) unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of the United States and any State or other jurisdiction of the United States.

This document (the **Base Prospectus**) has been approved as a base prospectus by the *Commission de Surveillance du Secteur Financier* (the **CSSF**), as competent authority under Regulation (EU) 2017/1129 (the **Prospectus Regulation**). The CSSF only approves this Base Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the CSSF should not be considered as an endorsement of the Issuer or of the quality of the Notes. Investors should make their own assessment as to the suitability of investing in the Notes.

The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer. Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange.

References in this Base Prospectus to Notes being **listed** (and all related references) shall mean that such Notes have been admitted to trading on the Luxembourg Stock Exchange's regulated market and have been admitted to the Official List of the Luxembourg Stock Exchange. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU).

**This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date (i.e. 11 September 2021) in relation to Notes which are to be admitted to trading on a regulated market in the European Economic Area (the EEA). For these purposes, references(s) to the EEA include(s) the United Kingdom. The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.**

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information not contained herein which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms document (the **Final Terms**) which will be filed with the CSSF. Copies of Final Terms in relation to Notes to be listed on the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

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

The Issuer has been rated "BBB-" (stable outlook) by Fitch Ratings Ireland Limited (**Fitch**) and "Ba2" (stable outlook) by Moody's Deutschland GmbH (**Moody's**). The Programme has been rated "BB+" by Fitch and "(P)"Ba2" by Moody's. Each of Fitch, and Moody's is established in the EEA and is registered under the Regulation (EC) No. 462/2013 (the **CRA Regulation**). As such each of Fitch and Moody's is included in the list of credit ratings agencies published by the European Securities and Markets Authority (**ESMA**) on its website (at <https://www.esma.europa.eu/supervision/credit-rating-agencies/risk>) in accordance with the CRA Regulation. Notes issued under the Programme may be rated or unrated by any one or more of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Programme by the relevant rating agency. **A security rating and an issuer's corporate rating are not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.**

Amounts payable under the Floating Rate Notes may be calculated by reference to the euro interbank offered rate (**EURIBOR**) or the London interbank offered rate (**LIBOR**), as specified in the relevant Final Terms. As at the date of this Base Prospectus, the ICE Benchmark Administration

(as administrator of LIBOR) and the European Money Markets Institute (as administrator of EURIBOR) are included in the register of administrators maintained by the ESMA under Article 36 of the Regulation (EU) No. 2016/1011 (the **Benchmarks Regulation**).

**Arrangers**

**BNP PARIBAS**

**J.P. Morgan**

**IMI – Intesa Sanpaolo**

**Mediobanca – Banca di Credito Finanziario S.p.A.**

**UniCredit Bank**

**Dealers**

**BNP PARIBAS**

**J.P. Morgan**

**IMI – Intesa Sanpaolo**

**Mediobanca – Banca di Credito Finanziario S.p.A.**

**UniCredit Bank**

The date of this Base Prospectus is 11 September 2020.

## IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus in respect of all Notes issued under the Programme for the purposes of Article 8 of the Prospectus Regulation. **Prospectus Regulation** means Regulation (EU) 2017/1129.

The Issuer accepts responsibility for the information contained in this Base Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Subject as provided in the applicable Final Terms, the only persons authorised to use this Base Prospectus in connection with an offer of Notes are the persons named in the applicable Final Terms as the relevant Dealer or the Managers, as the case may be.

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

This Base Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Base Prospectus shall be read and construed on the basis that such documents are incorporated by reference and form part of this Base Prospectus.

Other than in relation to the documents which are deemed to be incorporated by reference (see "*Documents Incorporated by Reference*"), the information on the websites to which this Base Prospectus refers does not form part of this Base Prospectus and has not been scrutinised or approved by the CSSF.

No representation, warranty or undertaking, express or implied, is made by any of the Dealers or any of their respective affiliates and no responsibility or liability is accepted by any of the Dealers or by any of their respective affiliates as to the accuracy or completeness of the information contained or incorporated by reference in this Base Prospectus or of any other information provided by the Issuer in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme.

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

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any 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 any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Each recipient of this Base Prospectus or any Final Terms shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer and its subsidiaries and of the rights attaching to the relevant Notes and reach its own view, based upon its own judgement and upon advice from such financial, legal and tax advisers as it has deemed necessary, prior to making any investment decision. Neither this Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

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

condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

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

## **MIFID II PRODUCT GOVERNANCE / TARGET MARKET**

The Final Terms in respect of any Notes will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, **MiFID II**) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

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

This Base Prospectus has been prepared on the basis that any Notes will (i) only be admitted to trading on an EEA regulated market (as defined in MiFID II), or a specific segment of an EEA regulated market, to which only qualified investors (as defined in the Prospectus Regulation) can have access (in which case they shall not be offered or sold to non-qualified investors) or (ii) only be offered to the public in an EEA Member State pursuant to an exemption under Article 1(4) of the Prospectus Regulation (and for these purposes, references to the EEA include the UK).

## **IMPORTANT – EEA AND UK RETAIL INVESTORS**

If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA and UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA or in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key

information document required by Regulation (EU) No. 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

**NOTIFICATION UNDER SECTION 309B(1)(C) OF THE SECURITIES AND FUTURES ACT (CHAPTER 289) OF SINGAPORE, AS MODIFIED OR AMENDED FROM TIME TO TIME (THE SFA)**

Unless otherwise stated in the Final Terms in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## 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 Base Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of financial markets; and
- (v) is able to evaluate 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 legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

## PRESENTATION OF INFORMATION

All references in this document to **U.S. dollars**, **U.S.\$** and **\$** refer to United States dollars, and references to **euro**, **Euro** and **€** refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended.

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

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.

## USE OF BENCHMARKS

Amounts payable on Floating Rate Notes will be calculated by reference to one of LIBOR or EURIBOR (in each case as defined in the Terms and Conditions of the Notes) as specified in the relevant Final Terms. As at the date of this Base Prospectus, the administrators of LIBOR and EURIBOR are included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the **Benchmarks Regulation**). As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such

that the administrators of LIBOR and EURIBOR are not currently required to obtain authorisation/registration (or, if located outside the European Union and United Kingdom, recognition, endorsement or equivalence).

## **FORWARD-LOOKING STATEMENTS**

This Base Prospectus, including, without limitation, any documents incorporated by reference herein, 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", "should" 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. Forward-looking statements are subject to inherent risks and uncertainties, some of which cannot be predicted or quantified. Future events or actual results could differ materially from those set forth in, contemplated by or underlying forward-looking statements. The Issuer does not undertake any obligation to publicly update or revise any forward-looking statements.

## **INDUSTRY AND MARKET DATA**

Certain information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to the Issuer's and the UG Group's business contained in this Base Prospectus consists of estimates based on data reports compiled by professional organisations and analysts, data from other external sources, and the Issuer's knowledge of sales and markets. In many cases, there is no readily available external information (whether from trade associations, government bodies or other organisations) to validate market-related analyses and estimates, requiring the Issuer to rely on internally developed estimates. In respect of information in this Base Prospectus that has been extracted from a third party, the Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Although the Issuer believes that the external sources used are reliable, the Issuer has not independently verified the information provided by such sources.

## **ALTERNATIVE PERFORMANCE MEASURES**

This Base Prospectus, and the documents incorporated by reference hereto, contains certain alternative performance measures (**APMs**), with an explanation of the criteria used to construct them, in addition to the IFRS financial indicators obtained directly from the audited consolidated financial statements of the Issuer for the years ended 31<sup>st</sup> December 2019 and 2018 and from the unaudited consolidated interim financial report of the Issuer for the six-month period ended 30 June 2020, each incorporated by reference into this Base Prospectus under the section

“*Documents Incorporated by Reference*”, and which are useful to present the results and the financial performance of the Unipol Group.

Unless otherwise stated, the list below presents APMs contained in the above-mentioned documents, along with an explanation of the criteria used to construct them:

- “Loss ratio” is the primary indicator of the cost-effectiveness of operations of an insurance company in the non-life sector. This is the ratio of the cost of claims for the period to premiums for the period;
- “Other Technical Items” (OTI) represents the ratio of the sum of the balance of other technical charges/income and the change in other technical provisions to net premiums for the period;
- “Expense ratio” is the percentage indicator of the ratio of total operating expenses to premiums written as far as direct business is concerned, and the premiums as far as retained business, net of reinsurance, is concerned;
- “Combined ratio” is the indicator that measures the balance of non-life technical management, represented by the sum of the loss ratio and the expense ratio;
- “Annual Premium Equivalent” (APE) is a measurement of the volume of business relating to new policies and corresponds to the sum of periodic premiums of new products and one tenth of single premiums. This indicator is used to assess the business along with the in force value and the life new business value of the Group;
- “Premium retention ratio” is the ratio of premiums retained (total direct and indirect premiums net of premiums ceded) to total direct and indirect premiums. Investment products are not included in calculating this ratio.

The Issuer believes that these APMs provide useful supplementary information to investors and that they are commonly used measures of financial performance complementary to, rather than a substitute for, IFRS financial indicators, since they facilitate operating performance and cash flow comparisons from period to period, time to time and company to company.

It should be noted that these financial measures are not recognised as a measure of performance or liquidity under IFRS and should not be recognized as an alternative to operating income or net income or any other performance measures recognised as being in accordance with IFRS.

These measures are not indicative of the historical operating results of the Group (as defined under “*Description of the Issue - Overview*”), nor are they meant to be predictive of future results. Since all companies do not calculate these measures in an identical manner, the Group’s presentation may not be consistent with similar measures used by other companies. Therefore, undue reliance should not be placed on such data.

## STABILISATION

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



## CONTENTS

	<b>Page</b>
General Description of the Programme .....	9
Risk Factors .....	13
Documents Incorporated by Reference .....	37
Form of the Notes .....	40
Applicable Final Terms .....	42
Terms and Conditions of the Notes .....	54
Use of Proceeds .....	85
Description of the Issuer .....	86
Taxation .....	128
Subscription and Sale .....	136
General Information .....	140

## GENERAL DESCRIPTION OF THE PROGRAMME

*The following general description does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. The Issuer and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Terms and Conditions, in which event, in the case of listed Notes only and if appropriate, a supplemental Base Prospectus will be published.*

This Overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No 2019/980 (the **Delegated Regulation**).

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

Issuer:	Unipol Gruppo S.p.A.
.....	
Issuer Legal Entity Identifier:	8156005CE5E7340CCA86
.....	
The Group	UG The Issuer, UnipolSai and the subsidiaries which were already part of UGF prior to the Merger.
.....	
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "Risk Factors" below and include, among others, the fact that the Issuer's financial results may be affected by fluctuations in the financial markets and by market declines and volatility; the potential impact of regulatory changes or increased competition on the UG Group; certain risks relating to the UG Group's reinsurance and risk management policies; and risks associated with the UG Group's life and non-life insurance business. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under "Risk Factors" and include certain risks relating to the structure of particular Series of Notes and certain market risks.
.....	
Description:	Euro Medium Term Note Programme
.....	
Arrangers:	BNP Paribas Intesa Sanpaolo S.p.A. J.P. Morgan Securities plc Mediobanca – Banca di Credito Finanziario S.p.A. UniCredit Bank AG
.....	
Dealers:	BNP Paribas, Intesa Sanpaolo S.p.A., J.P. Morgan Securities plc, Mediobanca – Banca di Credito Finanziario S.p.A. and UniCredit Bank AG and any other Dealers appointed in accordance with the Programme Agreement.
.....	
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see
.....	

"*Subscription and Sale*") including the following restrictions applicable at the date of this Base Prospectus.

Issuing Agent:	and	Paying Agent:	BNP Paribas Securities Services, Luxembourg Branch
Listing Agent:			BNP Paribas Securities Services, Luxembourg Branch
Programme Size:			Up to €3,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:			Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:			Notes may be denominated in, subject to any applicable legal or regulatory restrictions, any currency agreed between the Issuer and the relevant Dealer.
Maturities:			The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency. No Notes having a maturity of less than one year and one day will be issued under the Programme.
Issue Price:			Notes will be issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form Notes:		of	The Notes will be issued in bearer form as described in " <i>Form of the Notes</i> ".
Fixed Notes:		Rate	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Notes:		Rate	Floating Rate Notes will bear interest at a rate determined:
		(a)	on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or
		(b)	on the basis of a reference rate referred to in the applicable Final Terms.

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

Other provisions in relation to Floating Rate Notes:		Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.
.....		Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.
Zero Coupon Notes:		Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
.....		
Redemption:		The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.
.....		
Denomination of Notes:		The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see " <i>Certain Restrictions</i> " above, and save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amounts in such currency).
.....		
Taxation:		All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction as provided in Condition 8. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.
.....		
Negative Pledge:		The terms of the Notes will contain a negative pledge provision (as further described in Condition 3).
.....		
Cross Default:		The terms of the Notes will contain a cross default provision as further described in Condition 10.
.....		
Status of the Notes:		The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
.....		
Rating:		Series of Notes issued under the Programme may be rated or unrated. Where a

.....	Series of Notes is rated, such rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the ratings assigned to the Programme. <b>A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.</b>
Listing, admission to trading and approval: .....	<p>Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be admitted to the Official List of the Luxembourg Stock Exchange. Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued.</p> <p>The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges and/or markets.</p>
Governing Law: .....	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law. Condition 15 and the provisions of the Agency Agreement concerning the meetings of Noteholders and the appointment of the Noteholders' Representative are subject to compliance with the laws of the Republic of Italy.
Selling Restrictions: .....	There are restrictions on the offer, sale and transfer of the Notes in the United States, the European Economic Area (including for these purposes, the United Kingdom, the Republic of Italy, the Grand Duchy of Luxembourg and Singapore) and Japan and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see " <i>Subscription and Sale</i> ".
United States Selling Restrictions: .....	Regulation S Category 1 or 2, TEFRA C or D/TEFRA not applicable, as specified in the applicable Final Terms.

## RISK FACTORS

*Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and the industry(ies) in which it operates together with all other information contained in this Base Prospectus, including, in particular, the risk factors described below, including any document incorporated by reference herein.*

*The Issuer believes that the following risk factors may affect its ability to fulfil its obligations under the Notes issued under the Programme and/or may have a negative impact on the price of the Notes resulting in a partial or total loss of the investment of the Noteholders. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. In addition, factors which are material for the purpose of assessing the market risks associated with the Notes issued under the Programme are also described below. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer, based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus (including, without limitation, any documents incorporated by reference herein) and reach their own views prior to making any investment decision, based upon their own judgement and upon advice from such financial, legal and tax advisers as they have deemed necessary.*

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

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

The risks below have been classified into the following categories:

1. Risks relating to the market and macro-economic conditions and other emerging risks;
2. Financial and investment risks;
3. Risks relating to the Issuer’s business activity;
4. Insurance Risks;
5. Risks relating to legal and regulatory environment.

#### **1. RISKS RELATING TO THE MARKET AND MACRO-ECONOMIC CONDITIONS AND OTHER EMERGING RISKS**

***Risks related to negative developments in economic and financial market conditions, whether on a national or supranational basis***

UG’s businesses, financial position, capital position and results of operations are inherently subject to global financial market fluctuations and economic conditions generally. A wide variety of factors negatively impacts economic growth prospects and contribute to high levels of volatility in financial markets (including in currency exchange and interest rates). These factors include, among others, continuing concerns over sovereign debt issuers, particularly in Europe; the stability and *status quo* of the European Monetary Union; concerns about the Italian economy (which is the main market for the UG Group) which might have a material adverse effect on UG’s business and financial position, in light of the link between the UG credit rating and the one of the Republic of Italy and also in connection with the fact that the UG Group invests in Italian government bonds; concerns over levels of economic growth and consumer

confidence generally; the strengthening or weakening of foreign currencies against the Euro; structural reforms or other changes made to the Euro, the Eurozone or the European Union; the availability and cost of credit; the stability and solvency of certain financial institutions and other companies; inflation or deflation in certain markets; central bank intervention in the financial markets through quantitative easing or similar programmes; volatile energy costs; uncertainty regarding membership in the European Union or the Eurozone; adverse geopolitical events (including acts of terrorism or military conflicts); political uncertainty which may adversely affect the membership of these countries in the European Union or the Eurozone, or relations between these countries and the European Union or the Eurozone, other recent developments in connection with the referendum held in the United Kingdom pursuant to which the United Kingdom left the European Union (so-called “Brexit”), trade disputes between the United States and China and the related protectionist initiatives that have been introduced and uncertainty regarding the U.S. and worldwide political, regulatory and economic environment, including with respect to potential changes in U.S. laws, regulations and policies governing financial regulation, foreign trade and foreign investment. Furthermore, certain initiatives from governments and support of central banks in order to stabilise financial markets could be suspended or interrupted which could, in an uncertain economic context, have an adverse effect on the global financial industry. In addition, geopolitical risks in various regions have contributed to increased economic and market uncertainty generally. These factors have had and may continue to have an adverse effect on UG’s revenues and results of operations, in part because they can bring volatility to UG’s investment portfolio, which is influenced by global economy conditions.

More generally, in an economic environment characterised by higher unemployment, lower family income, lower corporate earnings, lower business investment and lower consumer spending, the demand for UG’s insurance products could be adversely affected. In addition, in such circumstances, UG’s portfolio of insurance policies may experience an elevated incidence of lapses or surrenders in certain types of policies, lower surrender rates than anticipated with other types of products, such as certain variable annuities, with in-the-money guarantees, and our policyholders may choose to defer paying insurance premiums or stop paying insurance premiums altogether. These developments could accordingly have a material adverse effect on UG’s business, results of operations and financial condition.

#### ***Risk related to the Covid-19 outbreak***

The World Health Organization (“WHO”) declared a global emergency on 30 January 2020 with respect to the outbreak in 2019 of novel coronavirus (“COVID-19”) which emerged in Wuhan, China. The WHO subsequently characterised it as a pandemic on 11 March 2020.

The COVID-19 outbreak has a significant impact on the macroeconomic environment and has resulted in unprecedented volatility as well as economic and financial disruptions in Italy and worldwide. In particular, prolonged stress in financial market conditions as a consequence of the outbreak could negatively affect market liquidity, and interventions by governments and central banks may prove ineffective or inadequate. Restrictions and quarantines introduced have led to social and economic shocks in multiple business segments, including those in which the Group operates, with potentially long-lasting effects. The consequential rise in the mortality and morbidity rates caused by the pandemic may affect the performance of the life and non-life insurance business unit of UG Group as a result of an increase in claims. Wider implications of the pandemic on the disposable income of individuals and companies can affect the revenues of all the sectors of activity in which the Group operates.

Regulatory authorities may furthermore impose moratorium measures that could limit the ability of the Group’s financial institutions to enforce debts, or capital conservation measures that prohibit the payment of dividends by the Group’s subsidiaries to the parent company. All these factors may have an adverse impact on the business operations of UG Group, its funding and liquidity as well as the market value of its assets.

At the current time, it is too early to measure the overall effect of the Covid 19. The UG Group has promptly implemented a series of initiatives to ensure business continuity. To date the outbreak has not had a material adverse impact on UG Group operations. However, the future impact of the outbreak is still highly uncertain and its final magnitude cannot be predicted, hence there is no assurance that the outbreak will not have a material adverse impact

on the future results of the Company. The extent of the impact will depend on future developments, including actions taken to contain COVID-19 and when the timing of the pandemic overcoming.

### ***Risks Related to the concentration of the UG Group's business in the Italian market***

The UG Group carries out nearly all its activities in the Italian market. Therefore, economic trends in Italy have had and will continue to have a significant impact on the profitability of UG and are not mitigated by trends in other markets. The UG Group's non-life business is particularly sensitive to conditions in the general Italian economy.

Adverse developments in the Italian economy and insurance market might result in a decrease of the UG Group's profitability and could potentially have a material adverse effect on its business, financial condition and results of operations.

### ***Risk related to climate change***

Climate change may have an impact on UG's business.

Climate change has been identified into the ERM Framework in the dual components of emerging risk and ESG risk managed along the value chain, with particular reference to underwriting and investment activities. The UG Group has mapped the risks and opportunities of climate change, prepared in accordance with the taxonomy defined by the Task Force on Climate-related Financial Disclosure. This map covers the various stages of the value chain and includes both physical and transitional risks.

In reference to the climate change physical risks, the UG Group has undertaken activities to acquire greater awareness of the potential impacts deriving from changes in the frequency and intensity of catastrophe events, with particular regard to weather events and floods, that can impact on the number and cost of the claims and their management expenses, as well as reinsurance costs, in the UG Group's non life business. Specific activities are also in progress to integrate climate change scenarios over medium-term horizons into the UG Group framework of stress tests. The activities, processes and tools defined may not be fully effective in determining physical risks due to the high degree of uncertainty in accurately determining a timeframe and magnitude of the impacts, most of all in a medium-long term scenario.

Transition risks are the ones related to the transition towards a low-carbon economy that may entail extensive policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change. These risks may affect the value of the UG Group's investments related to sector and activities with a high climate impact; they may also have consequences for the UG Group's reputation on stakeholders, primarily investors. UG Group has put in place policies to prevent and mitigate transition risks, but the high level of uncertainty in political, technological, market context could affect their effectiveness.

## **2. FINANCIAL AND INVESTMENT RISKS**

### ***Risk related to volatility of the financial markets***

Market levels and investment returns are an important component of determining the UG Group's overall profitability; in addition, fluctuations in the financial markets such as the fixed income, equity and property markets can have a material effect on its business, financial conditions, consolidated results of operations, market levels and investment returns. Changes in these factors can be very difficult to predict. Any adverse changes in the economies and/or financial markets in which funds under management are invested could have a material adverse effect on the UG Group's consolidated financial condition, results of operations and cash flows. Fluctuations in interest rates may also affect returns on fixed income investments and their market value. Generally, investment income may be reduced during sustained periods of lower interest rates as higher yielding fixed income securities are called, mature or are sold and the proceeds are reinvested at lower rates even though prices of fixed income securities tend to rise and gains



realised upon their sale tend to increase. During periods of rising interest rates, prices of fixed income securities tend to fall and gains made upon their sale are lower or the losses made are greater.

The UG Group has substantial exposure to fixed income securities including, in particular, Italian government bonds that are, as all sovereign debt securities are, strongly impacted by the market's perception of the relevant country risks, equities and real estate within its assurance and shareholder portfolios. Fluctuations in the fixed income, equity and real estate markets will directly or indirectly affect the financial results of assurance operations, in particular through its impact on the levels of charges made on investment policies, which, in most cases, are related to the value of the assets backing the policy liabilities. In addition, such fluctuations will affect the capital requirements of the UG Group.

The ability of the UG Group to make profits through its insurance subsidiaries on insurance products and investment products, including fixed and guaranteed products, depends in part on the returns on specific investments supporting its subsidiaries' obligations under these products, which may fluctuate substantially depending on general economic conditions. Certain types of insurance and investment products that UG's insurance subsidiaries offer expose them to risks associated with financial markets volatility, including certain types of interest-sensitive or variable products such as guaranteed annuities, which have guaranteed rates. Increased volatility in the financial markets combined with unanticipated policyholders' behaviour, may increase the cost of these hedges and/or negatively affect their effectiveness to mitigate certain of these risks, and, as a consequence, may adversely impact profitability.

Moreover, the current scenario of low interest rates could imply a higher investment risk and difficulties to grant the minimum interest guarantees embedded in life insurance products sold in the recent past by the UG Group's insurance subsidiaries. Such scenario may have a negative effect on the profitability of UG.

In addition, the insurance portfolios of UG's insurance subsidiaries may experience an elevated incidence of lapses or surrenders of policies, and its policyholders may choose to defer paying insurance premiums or stop paying insurance premiums altogether. These developments could have a material adverse effect on the Issuer's and the UG Group's business, results of operations and financial condition.

***Risk related to the circumstance that as a holding company, the Issuer is dependent on its subsidiaries to cover its operating expenses and dividend payments***

The Issuer's insurance, real estate and other diversified operations are conducted through direct and indirect subsidiaries. As a holding company, the Issuer's principal sources of funds are dividends from subsidiaries (particularly from its main subsidiary, UnipolSai) and funds that may be raised from time to time through the issuance of debt or equity securities or through bank or other borrowings.

The Issuer's operating subsidiaries may not generate sufficient cash flow to enable it to meet its payment obligations. In addition, the Issuer's subsidiaries may be restricted from providing funds to the Issuer under some circumstances. These circumstances could include, among others, (i) restrictions under Italian corporate law which require a company to retain at least 5 per cent. of its annual unconsolidated net income as a reserve until such reserve reaches at least 20 per cent. of the value of the company's share capital, (ii) restrictions imposed to insurance companies, such as UnipolSai, by (a) European Union laws and regulations such as Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 (**Solvency II Directive**), as implemented in Italy by Legislative Decree No. 74 of 12 May 2015, and (b) Istituto per la Vigilanza sulle Assicurazioni, the Italian insurance regulator (**IVASS**) or other Italian regulatory bodies, and (iii) contractual restrictions, including restrictions in credit facilities and other indebtedness, that may affect the ability of the Issuer's subsidiaries to pay dividends or make other payments to the Issuer. These factors may adversely impact on the liquidity position of the Issuer.

The Issuer expects that dividends received from subsidiaries and other sources of funding available to the Issuer will continue to cover its operating expenses, including interest payments on its outstanding financing arrangements. Generally, however, creditors of a subsidiary, including trade creditors, secured creditors and creditors holding indebtedness and guarantees issued by the subsidiary, will be entitled to the assets of that subsidiary before any of those assets can be distributed to shareholders upon liquidation or winding up. As a result, the Issuer's obligations in respect of the Notes will effectively be subordinated to the prior payment of all the debts and other liabilities of the

Issuer's direct and indirect subsidiaries, including the rights of trade creditors and contingent liabilities, all of which could be substantial. The foregoing may affect the Issuer's ability to fulfil its payment obligations under the Notes.

### ***Risk related to changes in interest rates***

Significant changes in interest rates could materially and adversely affect the UG Group's business and financial performance. The level of, and changes in, interest rates (including changes in the difference between the levels of prevailing short-term and long-term rates) may affect the UG Group's life and non-life insurance and interest payable on debt. In particular, a change in interest rates can affect the availability of disposable income for investment in assurance products and other savings products, asset values, levels of bad debts, levels of investment income gains and losses on investments, funding costs and interest margins.

Fluctuations in interest rates and returns from equity markets also have an impact on consumer behaviour, especially in the asset accumulation (e.g. pension funds) and life assurance businesses, where demand for fixed income products may decline when interest rates fall and equity markets are performing well. The demand for non-life insurance products, particularly commercial lines, can also vary with the overall level of economic activity.

### ***Credit risk***

The UG Group has counterparty risk in relation to third parties. A failure by its counterparties to meet their obligations could have a material impact on its financial position. The UG Group is exposed to credit risk, among other things, through holdings of fixed income instruments and loans.

A default by an institution or even concerns as to its credit-worthiness could lead to significant liquidity problems or losses and defaults by other institutions due to the close links on credit, trading, clearing and other relationships between institutions. This risk may adversely affect financial intermediaries, such as clearing agencies, clearing houses, banks, securities firms and exchanges with which the UG Group interacts on a daily basis and therefore could adversely affect the business, the financial conditions and the results of operations of the UG Group.

A significant portion of the insurance segment's investment portfolio is represented by bonds issued by sovereign governments and financial and industrial companies.

A default by one or more of the issuers of securities held by the UG Group could have an adverse effect on the Issuer's and the UG Group's financial condition, results of operations and cash flows.

Additionally, the UG Group's life insurance and non-life insurance have substantial exposure to reinsurance through reinsurance arrangements. Under such arrangements, other insurers assume a portion of the costs, losses and expenses associated with policy claims and maturities, and reported and unreported losses in exchange for a portion of policy premiums. The availability, amount and cost of reinsurance depend on general market conditions and may vary significantly year to year. Any decrease in the amount of reinsurance coverage will increase the UG Group's risk of loss. When reinsurance is obtained, the UG Group is still liable for those transferred risks if the reinsurer does not meet its obligations. Therefore, the inability or failure of the reinsurers to meet their financial obligations could materially affect the UG Group's operations and financial conditions.

UG directly and indirectly holds an equity interest on BPER Banca, accounted as an associate and consequently based on the equity method. Due to the associate's business, its results are highly related to credit risk exposure. Therefore, an increase in default rates for its loan portfolio could affect also the UG Group's results of operations and financial conditions.

In addition, UG's insurance companies are subject to the credit downgrading of the counterparties with which they operate or to which they have an exposure. These exposures arise from re-insurance and co-insurance activities, cash deposits and derivative transactions with banks, activities with insurance intermediaries and insured parties.

There is the risk that the UG Group's credit exposure may exceed predetermined levels pursuant to the procedures, rules and principles it has adopted.

See “Financial Statements and Notes – Risk Report 2019 of the Unipol Group – Credit Risk” of the UG’s consolidated annual financial statement as at 31 December 2019, incorporated by reference in this Base Prospectus.

The financial strength and issuer credit ratings assigned to UG and its subsidiaries express the rating agencies’ opinion regarding the institutions’ creditworthiness and are a determining factor in influencing public confidence in the UG Group’s business. Credit ratings are subject to change, suspension or withdrawal at any time by rating agencies. A downgrade, or the potential for such a downgrade, to the financial strength or issuer credit ratings assigned to UG or other UG’s subsidiaries may have an adverse impact on its financial position and client portfolio retention. A downgrade of UG’s credit rating may have a negative effect on its ability to raise capital through the issuance of debt, increase the cost of such financing, reduce customers’ and trading counterparties’ confidence and impact profitability and competitiveness. Rating agencies assess a range of internal and external rating factors. In particular, potential Italian sovereign debt credit deterioration as an external rating factor could have adverse effects on the financial position of UG or other UG subsidiaries and trigger a downgrade of their respective ratings. Internal rating factors that could lead to a downgrade are deteriorating levels of debt leverage, capital adequacy, and market position.

### **3. RISKS RELATING TO THE ISSUER’S BUSINESS ACTIVITY**

#### ***Risks arising from the failure to fully implement the Strategic Plan***

On 9 May 2019, the board of directors of UG approved the strategic business plan (the **Strategic Plan**) of the UG Group for the 2019-2021 period. The Strategic Plan has the objective of strengthening the leadership of UG in the reference to the three-year period, establishing the basis for confirming its leadership position also beyond the Strategic Plan’s scope. The strategic framework defined with the Strategic Plan calls for an evolution from an insurance leader to a leader of mobility, welfare and property ecosystems. For further information see “Integrated Report - Significant events in 2019 and after 31 December 2019” of the UG’s consolidated annual financial statement as at 31 December 2019, incorporated by reference in this Base Prospectus.

The Strategic Plan is based on a series of critical assumptions. However, the predetermined objective envisaged by the Strategic Plan may not be achieved, in whole or in part, for any reason whatsoever including for the occurrence of one or more of the risks discussed in this section of the Base Prospectus, thus meaning that the results of the UG Group may differ, possibly in a significant manner, compared to what is set out in the Strategic Plan, with potential negative consequences in relation to the financial and economic situation and/or assets of the UG Group.

#### ***Risks arising from the performance of the real estate market***

UG, through UnipolSai and some of its subsidiaries, also operates in the Italian real estate business segment (secondary to its core insurance business) with a portfolio consisting mainly of retail, commercial and hotel properties owned through direct and indirect investments. The real estate business segment is impacted by a series of macroeconomic variables, including the balance of supply and demand, linked, in turn, to further variables such as the overall condition of the economy, the tax system, liquidity in the market, the widespread difficulty experienced by potential investors in obtaining credit and alternative investments offering greater remuneration.

Within the context of investments in the real estate business segment, the UG Group participates, as a shareholder/lender, in real estate segments mainly concerning the residential and offices markets, essentially focused on large urban areas in Italy.

The feasibility, timing, profitability and, therefore, the success of these investments depend on a large number of factors including the availability of sources of finance (particular reference to bank loans and/or the financial means of the project partners etc.), administrative aspects (such as obtaining the necessary authorisations from the competent authorities), unexpected events on building sites (*e.g.*, delays related to unforeseen problems concerning geology, the environment, climate, projects, third-party claims or action), supplies (*e.g.*, trends in terms of the cost of raw materials and lead times) and the state of the real estate market during the marketing stage (*e.g.*, the dynamics of the supply and demand of developments in terms of viability and means of transport, the ease of obtaining credit and the level of interest rates).

Given that the main factors described above are liable to change over time and are not completely predictable during the stage of evaluation/investment or disinvestment decision, it cannot be excluded that the feasibility and/or profitability of such investments may change in terms of time and/or conditions, with respect to the original forecasts, which may have a negative effect on the economic and/or financial position of the UG Group.

### ***Risks arising from companies operating in sectors other than insurance and real estate***

Certain UG and UnipolSai subsidiaries also operate directly in sectors other than insurance (which remains their core business) and real estate, through investments arising from the lines of business of the controlled companies operating in the hotel management, healthcare, agricultural industries, innovation, management of mutual real estate investment funds and collection of impaired loans.

The UG Group is therefore also exposed to risks related to the general economic situation and risks specific to these industries both in terms of the financial results of subsidiaries and with regard to potential fluctuations in the value of real estate investments in companies operating in these sectors such as hotel and health management companies.

### ***Operational risk***

The UG Group, like all financial services groups, is exposed to many types of operational risk, including the risk of fraud by employees and outsiders, unauthorised transactions by employees or operational errors, including errors resulting from faulty computer or telecommunication systems. The UG Group's systems and processes are designed to ensure that the operational risks associated with the UG Group's activities are appropriately monitored. Any failure or weakness in these systems, however, could adversely affect the UG Group's financial performance and business activities.

### ***Risks related to asset liability management and liquidity***

The Issuer plans its investments with the objective of matching returns and maturities to the commitments made to the UG Group's insurance clients and the liabilities recorded. Any maturities mismatch between such assets and liabilities may have an adverse impact on UG's financial condition, results of operations and cash flows.

In addition, in case of a liquidity crisis in the sectors in which the UG Group operates or in the broader financial market, proceeds from the sale of highly liquid instruments held by UG may not be sufficient to meet UG's obligations. Therefore, should UG need to dispose of illiquid financial instruments, it could be forced to make sales at lower prices than expected, which may have an adverse effect on UG's solvency as well as its financial condition, results of operations and cash flows.

See "Financial Statements and Notes – Risk Report 2019 of the Unipol Group – Liquidity Risk" of the UG's consolidated annual financial statement as at 31 December 2019, incorporated by reference in this Base Prospectus.

### ***Risk related to risk management policies, procedures and methods***

The Group's policies, procedures and assessment methods to manage market, credit, liquidity and operating risk may not be fully effective in mitigating its risk exposure in all market environments or against all types of risks, including risks that the UG Group fails to identify or anticipate. If existing or potential customers, shareholders or stakeholders (including lenders) believe that its risk management policies and procedures are inadequate, the Issuer's reputation as well as its revenues and profits may be negatively affected.

### ***Strategic Risk***

The UG Group, like all financial services groups, is subject to strategic risk, mainly due to significant changes in the external environment in which it operates. There can be no assurance that future trends in economic and geopolitical conditions, in regulatory framework, in technology, in climate and the natural environment and in society and

stakeholders' behaviours will not have adverse effects on the UG Group's strategy, which could materially negatively affect the UG Group's reputation as well as its economic and financial position and its business model sustainability.

### ***Reputational risk***

UG Group's reputation is influenced by its behaviour in a range of areas such as product & service quality, innovation, governance, financial performance, leadership, workplace and corporate social responsibility. The Group's reputation among its stakeholders could deteriorate mainly due to strategic risk or due to operational risks, such as breaches of data security, cyber threats or fraud, or ESG-related risks (Environmental, Social and Governance) in its operations, underwriting and investment activities. A deterioration in Group's reputation could have a negative impact on its "social licence to operate", its ability to secure new resources and labour and its economic and financial performance.

See "Integrated Consolidated Financial Statement 2019 – Risk Report of the Unipol Group" of the UG's consolidated annual financial statement as at 31 December 2019, incorporated by reference in this Base Prospectus.

### ***Risks related to the adequacy of its technical reserves***

The technical reserves of the UG Group's insurance businesses serve to cover the current and future liabilities towards its policyholders and originate from the collection of the insurance premiums. Technical reserves are established with respect to both the UG Group's life and non-life insurance businesses and are divided into different categories depending on the type of insurance business (life or non-life) to which they relate. These technical reserves and the assets backing them represent a major part of the UG Group's balance sheet. Depending on the actual realisation of the future liabilities (*i.e.* the claims as actually experienced), the current technical reserves may prove to be inadequate, and the assets backing the liabilities could be sold to match the claims payment during unfavourable financial conditions with a negative impact on the UG Group's results. Although the UG Group has actuarial tools (such as liability adequacy testing) in place which it believes to be adequate to closely monitor and manage reserve risk, a residual risk still exists, and, to the extent that technical reserves are insufficient to cover the UG Group's actual insurance losses, expenses or future policy benefits, the UG Group would have to add to these technical reserves and incur a charge to its earnings, which could adversely impact its results and financial condition.

### ***Risks related to administrative, civil and tax proceedings***

As part of the ordinary course of business, companies within the UG Group are, and may be, subject to a number of civil, administrative, tax, regulatory and criminal proceedings relating to their activities. UG considers that the provisions in its consolidated financial statements for losses which are certain or probable and reasonably estimable are adequate. However the occurrence of new developments, facts and circumstances that were not predictable at the time the relevant provisions were made may result in such provisions being inadequate or that the assessment of the appropriate provisions in relation to certain proceedings could be in progress. In certain cases, where the negative outcome of disputes is considered to be only a remote possibility, no specific provisions are made in the Issuer's consolidated accounts. In addition, UG and its subsidiaries are and may be involved in certain proceedings for which no provisions for contingent liabilities were, or will be, made as the impact of any negative outcome could not be estimated. To the extent UG is not successful in some or all of these matters, or in future legal challenges (including potential class actions), UG's results of operations or financial condition may be materially adversely affected. For information on legal proceedings currently involving the companies belonging to the UG Group, see "Financial Statements and Notes – Notes to the Statement of Financial Position – Ongoing disputes and contingent liabilities" of the UG's consolidated annual financial statement as at 31 December 2019, incorporated by reference in this Base Prospectus.

### ***Risks from acquisitions, integration and business combination***

The UG Group monitors the core businesses in search of opportunities to acquire individual assets or corporations in order to achieve its growth targets or complement its asset portfolio. The acquisitions that the UG Group has already carried out will, and any future acquisitions may, result in a significant expansion and increased complexity of the UG Group's operations. Acquisitions require the integration and combination of different management, strategies, procedures, products and services, client bases and distribution networks, with the aim of streamlining the business

structure and operations of the newly enlarged group. Acquisitions entail an execution risk, including the risk that the acquirer will not be able to integrate the purchased assets to achieve expected synergies. Any joint investments realised under joint ventures and any other future investments in foreign or domestic companies may result in increased complexity of the UG Group's operations and there can be no assurance that such investments will be properly integrated with the Issuer's quality standards, policies and procedures to achieve consistency with the rest of the UG Group's operations. The process of integration may require additional investments and expenses. Failure to successfully integrate investments could have a material adverse effect on the UG Group's business, financial condition and results of operations, which could have an adverse impact on the Issuer's ability to fulfil its obligations under the Notes.

#### ***Risk related to increased competition***

Competition is intense in all of the UG Group's primary business areas in the Republic of Italy. In particular, the Italian insurance market has experienced significant changes in recent years due to the introduction of several laws and regulations as a result of the implementation of a number of insurance directives issued by the European Union. Consequently, direct marketing of non-life and life insurance may be carried out on a cross-border basis and, therefore, it is much easier for insurance companies to operate outside their home State. The development of a single European market, together with the reduction of regulatory restrictions, is also facilitating the growth of new distribution systems, partially replacing the traditional reliance on insurance intermediaries such as agents. Changes in the regulatory regime have also increased competitive pressure on insurance companies in the Italian market in general. Continued consolidation of the insurance industry could lead to market-wide price reductions resulting in pressure on margins. Such competitive pressure may lead to adjustments to policy terms, withdrawal from or reduction of capacity in certain business lines or reduction of prices resulting in decreased margins.

Consumer demand for the UG Group's products may be affected by changes to market conditions and trends. Any major change in the markets and/or any failure to anticipate, identify or react successfully or at reasonable cost to these changes could result in reduced demand for the UG Group's products, which would in turn cause income to suffer. If the UG Group does not succeed in offering products that reflect the market trends and appeal to customers, its sales and market share will decrease, and its profitability will suffer. Such failure could have a material adverse effect on the UG Group's business, financial conditions and results of operations.

#### ***Risks relating to the impairment of goodwill***

The UG Group has recognised goodwill totalling Euro 1.6 billion as at 30 June 2020, almost entirely related to the insurance business. Future events related to trends in the general economy, in the regulatory framework and in the market could reduce the recovery amount of the recognised goodwill so that impairment charges could be required, with an eventual material adverse impact on UG's financial condition and results of operations. No impact on the solvency position is expected as goodwill is deducted directly from own funds pursuant Solvency II regulation.

## **4. INSURANCE RISKS**

#### ***Risks related to concentration in the non-life business and motor vehicle insurance businesses***

The non-life business and the motor vehicle third-party liability insurance, in particular, are key sources of UG's and the UG Group's revenues.

A reduction in average tariffs and premiums or an increase in the average cost of claims, as a result of, among other things, regulatory changes, or an increase in claims frequency, or an adverse change in pay-out periods, or an increase in the rate of claims inflation could have an adverse impact on UG's and the UG Group's profitability and, consequently, on UG's and the UG Group's financial condition, results of operations and cash flows.

In addition, given UG's and the UG Group's significant presence in the motor vehicle third party liability insurance, negative trends in the automotive market, such as a continued decline in new car registrations, with a resulting shrinkage of the pool of insured cars, could have an adverse impact on UG's and the UG Group's financial condition, results of operations and cash flows.

***Risk related to claims experience that may be inconsistent with the assumptions used to price products and establish reserves***

The earnings of the UG Group depend significantly on the extent to which their actual claims experience is consistent with the assumptions used in setting product prices and to establish liability for technical provisions and claims. There can be no assurance that actual experience will match these estimates.

The UG Group has risk exposures to natural catastrophes (such as earthquakes, floods and hail) that are mitigated through reinsurance. There is a residual risk that such strategy proves to be insufficient to properly mitigate the above risk.

***Risk related to insurance risks***

Underwriting performance, for both the life and non-life businesses, are an important component of the UG Group's overall profitability and fluctuations in the frequency and severity of incurred and reported claims can have a material effect on the consolidated results of operations. In addition, any adverse changes in the frequency and severity of incurred and reported claims could have a material adverse effect on the UG Group's consolidated financial condition, results of operations and cash flows. Changes in these factors can be very difficult to predict.

***Risks arising from fraud***

The insurance business is exposed to risks generated by false claims and inaccurate representations of events and damage incurred following accidents suffered or caused by insured persons. The UG Group has developed a corporate structure designed to prevent, report and fight insurance fraud and other similar types of behaviour as well as a corporate structure based on specific internal procedures aimed at taking, if necessary, the most suitable legal actions.

These procedures have reduced insurance fraud; nonetheless, UG is exposed to risks resulting from false claims or inaccurate declarations of events and harm suffered by clients or third parties, which can result in a rise in the number of claims and their average cost, and consequently, a reduction in the profitability of the insurance business and, possibly, a negative effect on the economic and/or financial position of UG.

***Risks associated with the UG Group's life insurance business***

***Longevity and surrenders***

Life expectancies continue to increase in the world's developed areas. If mortality estimates prove to be inaccurate, liabilities to the policyholders of the UG Group's insurance companies in connection with pensions and annuity products will increase at a rate faster than expected. This may lead to significant unexpected losses.

Surrenders of deferred annuities and life insurance products can result in losses and decreased revenues if surrender levels differ significantly from assumed levels.

***Pandemic***

Assumptions about mortality used in pricing products are based on information deriving from company statistics and market information; these assumptions reflect the best estimate of UG Group or the relevant subsidiary for any given year. However, a global pandemic, such as bird flu, swine flu or COVID-19, may produce an increase in mortality in excess of assumptions and the number of claims to be paid being greater than planned. These types of events are considered when assessing and reviewing a variety of financial cover options, such as reinsurance, but such cover may not meet all or even a majority of the Group's liabilities in the event of a pandemic..

***Life insurance financial risk***

The investment risk on life assurance portfolios is often shared in whole or in part with policyholders, depending on the product sold. Fluctuations in the fixed income and equity markets will directly affect the financial results of life

assurance operations and will also have indirect effects, through their impact on the value of technical provisions, which in most cases are related to the value of the assets backing the policy liabilities. Adverse financial markets could increase the risk that the companies within the UG Group do not match all the life insurance liabilities.

#### *Minimum guaranteed returns*

A significant part of the life insurance policies sold in the past by the UG Group to customers provides a guaranteed minimum return (whilst new policies provide for a minimum return close to zero). A reduction of the return on investments realized by UG could result in losses for the UG Group's insurance subsidiaries, in the event that the effective return is lower than the return guaranteed to customers. In addition, higher interest rates might determine an increase in life policy redemptions, which could materially adversely affect the UG Group's cash flows, financial condition and results of operations.

#### *Adequacy of resources to meet pension obligations*

There is a risk that provisions for future obligations under customers' pension plans and other defined post-employment benefits offered by the UG Group's insurance companies to their customers may not be adequate. In assessing the liability of the UG Group's insurance companies to policyholders for defined benefit pension plans and other post-employment plans, critical judgments include estimates of mortality rates, rates of employment turnover, disability, early retirement, discount rates, expected long-term rates of return on plan assets, future salary increases, future pension increases and increases in long-term healthcare costs. These assumptions may differ from actual results due to changing economic conditions, higher or lower withdrawal rates or longer or shorter life spans of participants. These differences may result in changes to pension income or expense recorded in future years.

#### ***Risk related to the circumstance that the reinsurance may not be adequate to protect the insurance business segment against losses***

In the normal course of business, the UG Group transfers exposure to certain risks in its non-life and life insurance businesses to others through reinsurance arrangements. Under these arrangements, reinsurers assume a portion of the UG Group's losses and expenses associated with reported and unreported claims in exchange for a portion of the premiums. The availability, amount and cost of reinsurance depend on general market conditions and may vary significantly. If reinsurance is not available at commercially attractive rates and if the resulting additional costs are not compensated by premiums paid to the UG Group, this could adversely affect the UG Group's results. Also, increasing concentration in the reinsurance market reduces the number of major reinsurance providers and, therefore, could hamper the UG Group's efforts to diversify in its reinsurance risk.

Any decrease in the amount of the UG Group's reinsurance cover relative to its primary insurance liability could increase its risk of loss. Reinsurance arrangements do not eliminate the UG Group's obligation to pay claims and introduce credit risk with respect to the UG Group's ability to recover amounts due from the reinsurers. While the UG Group monitors the solvency of its reinsurers through a periodic review of their financial statements, the risk of default by a reinsurer cannot be excluded. Any inability of the UG Group's reinsurers to meet their financial obligations could materially adversely affect its insurance businesses results.

## **5. RISKS RELATING TO LEGAL AND REGULATORY ENVIRONMENT**

#### ***Risks relating to regulatory compliance and changes in the regulatory framework***

UG and the UG Group's insurance entities are subject to a number of regulatory provisions primarily in the Italian territory, where substantially all of their business is currently conducted.

Given the financial nature of the UG Group, the group companies are subject to several different regulatory provisions; furthermore, such entities have been in the past – and might be in the future – subject to inspections and stress tests by the competent supervisory authorities, including, without limitation, IVASS, the Italian Securities and Exchange Commission (**CONSOB**), the European Insurance and Occupational Pensions Authority (**EIOPA**), *Autorità Garante della Concorrenza e del Mercato* (the Italian antitrust authority), *Commissione di Vigilanza sui*



*Fondi Pensione* (the Italian pensions supervisory authority), *Autorità Garante per la Protezione dei Dati Personali* (the Italian Data Protection Authority) and *Unità di Informazione finanziaria per l'Italia* (the Italian financial intelligence unit), the Bank of Italy and the other European competent Authorities.

Furthermore, the Issuer and its subsidiary UnipolSai are listed companies and accordingly are subject to extensive regulation and supervision by CONSOB. Regulatory authorities, in particular, IVASS, the Bank of Italy and *Autorità Garante della Concorrenza e del Mercato* have broad jurisdiction over many aspects of the UG Group business, including capital adequacy and solvency requirements, marketing, selling and distribution practices, advertising, governance, policy forms, terms of business and permitted investments.

As the applicable insurance regulatory framework is constantly being revised and updated, the Issuer is not able to foresee all potential changes; moreover, the policies adopted by the group companies to ensure compliance with such framework might become obsolete thus requiring the UG Group to constantly monitor and adapt such policies to the changing regulatory environment. New regulatory initiatives, including, *inter alia*, those relating to capital requirements, increasing regulatory and law enforcement scrutiny on anti-money laundering, counterterrorist-financing and international sanctions requirements and more stringent regulatory investigations of the insurance industry, could increase the cost of doing business, affect the competitive balance in general, impair the liquidity and financial position of the Issuer and the UG Group. Regulatory proceedings as a result of non-compliance with applicable regulations or failure to undertake corrective action could result in adverse publicity for, or negative perceptions regarding, the regulated entity, as well as diverting management's attention away from the day-to-day management of the business. A significant regulatory action against a member of the UG Group could have a material adverse effect on the business of the UG Group, its results of operations and/or financial condition. In addition, changes in government policy, legislation or regulatory interpretation applying to the financial services industry in the markets in which the UG Group operates may adversely affect its product range, distribution channels, capital requirements and, consequently, its results and financing requirements. These changes, which may occur at any time, include possible changes in government pension requirements and policies, the regulation of selling practices and solvency requirements.

As to the EU applicable insurance legal and regulatory framework, risk-based capital and solvency requirements for insurance companies are mainly set forth by Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (the “**Solvency II Directive**”), as subsequently amended and integrated, in particular by Directive 2014/51/EU (the “**Omnibus II Directive**”). Implementing provisions of Solvency II Directive are set forth by EU Commission Delegated Regulation No. 2015/35 as amended by EU Commission Delegated Regulation No 2016/467 (the **Solvency II Regulations**), aimed at specifying a range of aspects of the Solvency II Directive in view of its consistent implementation throughout the European Union, with particular regard to capital requirements and other measures related to long-term investments, requirements on the composition of insurers' own funds, as well as remuneration issues. In addition to meeting new regulatory capital requirements, the Solvency II framework requires all insurance and reinsurance undertakings to have in place an effective system of governance which provides for sound and prudent management of the business as well as an effective risk-management system comprising strategies, processes, and reporting procedures necessary to identify, measure, monitor, manage and report, on a continuous basis, the risks to which they are or could be exposed and their interdependencies (the so called Pillar 2 requirements). Solvency II has also introduced specific requirements as to public disclosure of information and supervisory reporting (so called Pillar 3 requirements) which includes, *inter alia*, the submission by insurers of an annual report on their solvency and financial condition, describing their activities and results, operations, risk profile, the principles used to value their assets, their technical provisions and other liabilities, and capital management..

The Solvency II framework entered into force on 1 January 2016.

The Solvency II framework has been the subject of on-going review by the European Commission and EIOPA. In particular, amendments have been introduced by Directive (EU) 2019/2177 of 18 December 2019, which introduces corrections to the functioning of the country component of the volatility adjustment. Specifically, the rules call for a reduction in the intervention threshold (from 100 to 85 basis points in terms of the country spread and the currency spread with respect to the yields of baskets of financial assets) and the national volatility adjustment component such

so as to make the effective application of that correction component more frequent, while in the past it was limited to cases of strong financial market turbulence.

Amendments to the Solvency II framework have also been introduced by Commission Delegated Regulation (EU) 2019/981 of 8 March 2019 which, building on the technical advice received from EIOPA, are intended to enhance the proportionality of the Solvency II framework and its consistency with other EU financial legislation, improve the risk sensitivity of the solvency capital requirement (SCR) standard formula, remove unjustified constraints on the financing of the economy and increase transparency and reliability. With specific reference to Tier 2 and Tier 3 basic own-fund items, Commission Delegated Regulation (EU) 2019/981 of 8 March 2019 has amended Article 73 (*Tier 2 Basic own-funds – Features determining classification*) and Article 77 (*Tier 3 Basic own-funds – Features determining classification*) of Solvency II Regulations to allow for repayment and redemption before 5 years for tax and regulatory reasons, subject to satisfaction of specific conditions. Further modifications are expected as part of the comprehensive Solvency II review scheduled for 2020 (the “**2020 Review**”), in connection with which the European Commission has issued a formal call for advice to EIOPA in February 2019. In October 2019, EIOPA published its consultation paper on its opinion on the 2020 Review, setting out EIOPA’s proposals on three main areas: firstly, review of the long-term guarantee measures; secondly, potential introduction of new regulatory tools in the Solvency II Directive (notably on macro-prudential issues, recovery and resolution and insurance guarantee schemes) and thirdly, revisions to the Solvency II framework, including in relation to reporting and disclosure and the solvency capital requirement. EIOPA was expected to publish its opinion by 30 June 2020. However, further to the outbreak of Covid-19, EIOPA, in close coordination with the European Commission, has decided to deliver its opinion at the end of December 2020, to take into account the importance of assessing the impact of the COVID-19 outbreak on the revision of Solvency II framework. The European Commission is expected to respond with legislative proposals for amendments to selected aspects of Solvency II in early 2021, although the actual implementation date for changes to the Solvency II rules following the 2020 Review remains unclear and it is not possible to foresee exactly what these changes will be.

In June 2019, following a consultation process that started in the previous year, the Solvency II Regulation were subject to several amendments, including:

- long-term investments: reduction of capital requirements for long-term investments in equity;
- look-through approach: possibility of a more extensive use of simplification relating to the application of the look through approach in relation to collective investment undertakings and “packaged” investments like mutual funds;
- credit risk: coordination with standards in force in the banking sector as regards the classification of own funds, exposure to central counterparties (CCP) and the handling of exposures to regional administrations and local authorities;
- calculation of SCR: concession of simplifications in the calculation of SCR for several Life, Non-Life and health submodules, so as to guarantee adequate proportionality between the computational load and the real risks incurred by the insurer; and
- Deferred Tax Assets: introduction of additional principles for the calculation of the capacity to absorb deferred tax losses (LAC DT) in the standard formula in order to guarantee greater uniformity of application. The Regulation entered into force on 8 July 2019, while the points relating to Deferred Tax Assets and the amendments of the method for calculating the risks of the Non-Life and health businesses came into force on 1 January 2020.

As such Solvency II framework is subject to ongoing review and revision on several matters is due to be finalised in the coming future, the Issuer is not able to predict the regulatory impacts of such revision, as well as the potential relevant implementation cost (if any). The ongoing review of the Solvency II framework by the European Parliament

and EIOPA may result in adjustments to methods, assumptions and parameters as well as changes in policy options, which may result in more stringent capital requirements and/or a decrease in available capital.

More broadly, turmoil in the financial markets may well result in significant regulatory changes affecting financial institutions, including insurance and reinsurance undertakings, as well as reforms aimed at addressing the issue of systemic risk and the perceived gaps in the regulatory framework viewed to have contributed to the financial crisis. New regulatory initiatives could increase the cost of doing business, limit the scope of permissible activities or affect the competitive balance in general.

With reference to primary legislation, please also note Italian Legislative Decree 49 of 10 May 2019 issued in implementation of Directive (EU) 2017/828 as regards the encouragement of long-term shareholder engagement (Shareholder Rights II), which introduced significant amendments to the Consolidated Law on Finance (**TUF**), including: (a) attribution to issuers of the right to ask intermediaries and central depositories to identify the shareholders holding more than 0.5% of the share capital with voting rights; (b) new transparency obligations for pension funds and insurance companies, now defined as institutional investors, when they invest in shares of companies listed in Italian or EU regulated markets (for insurance companies it is also necessary to report their investment strategies in the Solvency and Financial Conditions Report); (c) complete voting on the Report on the remuneration policy and compensation paid by the shareholders' meeting, with both sections of the Report now being subject to shareholder vote; and (d) more detailed regulations on transactions with related parties (with the resulting amendment of Article. 2391-bis of the Italian Civil Code), in part referred to Consob regulations.

Further implementation of the Shareholder Rights II in Italy is the Legislative Decree No. 84 of 14 July 2020, which, in particular, modifies certain provisions of the TUF regarding the sanctions regime on remuneration and related party transactions and the provisions of the Private Insurance Code on the requirements of the companies' representatives and participants of the insurance companies.

The Legislative Decree No. 84 of 14 July 2020 was published in the Gazzetta Ufficiale della Repubblica Italiana (Italian Official Gazette) on the 30 of July 2020 and enters into force on 14 August 2020, apart from the provisions on the requirements, which need implementation through regulations to be adopted by the Minister of Economic Development within 180 days from the date of entry into force of the Legislative Decree.

In terms of secondary regulations, of specific importance in the insurance sector are the provisions on product oversight and government and insurance distribution which complete the adoption of the Directive EU 2016/97 (the **"Insurance Distribution Directive"** or **"IDD"**), incorporated into Italian law by Legislative Decree No. 68 of 21 May 2018, within the Italian legal system. Reference is, in particular, made to the Regulation No. 45 issued by IVASS on 4 August 2020, IVASS Order No. 97 of 4 August 2020 regarding amendments and integrations to ISVAP Regulations No. 23/2008, No. 24/2008 and to IVASS Regulations No. 38/2018, No. 40/2018 and No. 41/2018 together with CONSOB Resolution No. 21466 of 29 July 2020 concerning the modifications of the CONSOB Regulation establishing the provisions for the implementation of the TUF on intermediaries issued by CONSOB with Resolution no. 20307 of 15 February 2018. The modifications to the regulations in force and the new regulation will be applicable from 31 March 2021..

#### ***Risk related to Solvency Capital Requirement calculations***

As specified under the section "Description of the Issuer – Other information relating to the insurance sector", IVASS authorised UG to use the specific parameters in place of the sub-set of parameters defined in the so called "Standard Formula" with effect from 1 January 2016. In addition, UG received authorisation to use the so called "Partial Internal Model" for calculating the individual Solvency Capital Requirement with effect from 31 December 2017. Solvency II requires insurance undertakings to continue to satisfy a number of post-approval requirements; in case of non-compliance with such post-approval requirements triggering material effects, IVASS may require insurance undertakings to either calculate their Solvency Capital Requirement (SCR) in accordance with the so called "Standard Formula" or add on a specific required capital charge if the internal model no longer captures the overall risk.

#### ***Risk related to supervisory requirements and policy measures developed by the IAIS***

The IAIS has developed three tiers of supervisory requirements and actions applicable to the insurance industry. These include:

- Insurance Core Principles (“**ICPs**”) that are intended to apply to the supervision of all insurers and insurance groups, regardless of size, complexity or systemic importance; and
- a common framework (“**ComFrame**”) for the supervision of internationally active insurance groups (“**IAIGs**”);
- a risk based, global insurance capital standard (the Insurance Capital Standard, “**ICS**”) applying to IAIGs, to be enforced by the national regulators.

The IAIS formally adopted ComFrame and ICS Version 2.0 in November 2019. Implementation of ICS Version 2.0 will be conducted in two phases: firstly, ICS Version 2.0 will be used for confidential reporting to group-wide supervisors and discussion in supervisory colleges during a “monitoring period” that will last for five years. The ICS will not be used as a prescribed capital requirement in this phase; secondly, ICS will be implemented as a group-wide prescribed capital requirement

The IAIS has furthermore adopted the holistic framework for assessment and mitigation of systemic risk in the insurance sector, for implementation from the beginning of 2020. The framework consists of an enhanced set of supervisory policy measures and powers of intervention, an annual IAIS global monitoring exercise, and collective discussion on the outcomes and appropriate supervisory responses, along with a robust implementation assessment.

These and other measures and policies adopted by the IAIS from time to time could have a significant effect on the Group’s business, financial condition or results of operations, and impact the Group’s capital requirements and its competitive position vis-à-vis other insurance groups that are not subject to these more stringent policy measures.

#### ***Risk related to the application of the General Data Protection Regulation***

The General Data Protection Regulation (Regulation (EU) 2016/679; the “GDPR”) - which repealed the Data Protection Directive (95/46/EC) and is applicable from 25 May 2018 - aims at strengthening data protection and providing a consistent and harmonised regulatory framework for the processing of personal data within the European Union (EU). The Italian government approved Legislative Decree No. 101 of 10 August 2018 for the purpose of harmonizing the existing national legal framework with the new GDPR provisions and implementing those requirements addressed to Member States. The GDPR applies to the processing of personal data<sup>1</sup> in the context of the activities of an establishment of a controller or a processor in the European Union, regardless of whether the processing takes place in the EU or not. In addition, it applies to the processing of personal data of data subjects who are in the EU by a controller or processor not established in the Union, where the processing activities are related to (a) the offering of goods or services to data subjects in the EU, or (ii) the monitoring of their behaviour which take place within the EU. Therefore, the GDPR applies even to organisations processing personal data in the European Union, which have no presence within the EU.

The GDPR has resulted in a real change of philosophy, introducing a Personal Data governance system based on a high substantial accountability of the controller, who has to guarantee and be able to demonstrate compliance with the GDPR.

Broadly, the main changes introduced by the GDPR include the following areas: (i) a single and directly applicable regulation across the EU; (ii) increased enforcement powers for the data protection Authorities with the ability to impose administrative fines up to 4% of total worldwide annual turnover (or up to 2% for breach of certain provisions); (iii) the introduction of a new EU-wide advisory body, the European Data Protection Board, replacing the “Article 29 Working Party”; (iv) a single lead supervisory Authority for handling issues connected with data processing operations performed in multiple jurisdictions of the EU; (v) the introduction of new principles, such as the aforementioned principle of accountability; (vi) the obligation, under certain circumstances, to appoint an

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<sup>1</sup> Any information concerning an identified or identifiable natural person.

independent Data Protection Officer; (vii) strengthening the rights of data subjects, including the “right to be forgotten” and the right to data portability; and (viii) provisions for mandatory notification of personal data breach to the Supervisory Authorities and, upon certain conditions, to data subjects.

The changes introduced by the GDPR have important impacts on UG Group, as well as the European insurance market in general, as a result of, *inter alia*, an increase in compliance costs and obligations, with particular reference to the need of implementing and updating, where necessary, adequate safeguards, appropriate technical and organisational security measures and mechanisms to ensure a level of security appropriate to the risk.

### ***Risk related to the transposition of the Insurance Distribution Directive***

The IDD which is a minimum harmonisation directive, introduces, *inter alia*, the following changes: (i) extended scope to cover the distribution of insurance and reinsurance products, whether directly by an insurance undertaking or indirectly by an insurance intermediary or, provided that a number of conditions are met, an ancillary insurance intermediary; (ii) more stringent disclosure and transparency requirements, including information on remuneration and introduction of a standardised information document for non-life insurance products (the Insurance Product Information Document, “**IPID**”); (iii) introduction by Member States of rules to ensure that distributors are not remunerated and do not remunerate or assess the performance of their employees in a way that conflicts with the duty to act in the best interests of customers; (iv) enhanced professional knowledge and competence requirements for persons involved in distribution activities; (v) introduction of new rules on product oversight and governance; (vi) information requirements on cross-selling and bundling; and (vii) additional specific disclosure and transparency requirements and conduct of business rules (including rules on conflicts of interests; inducements; assessment of suitability and appropriateness; and rules applicable to non-complex insurance products) for insurance-based investment products.

Certain elements of the IDD have been further specified in two delegated regulations adopted by the European Commission on 21 September 2017, namely, Commission Delegated Regulation (EU) 2017/2358 of 21 September 2017 supplementing IDD with regard to product oversight and governance requirements for insurance undertakings and insurance distributors and Commission Delegated Regulation (EU) 2017/2359 of 21 September 2017, supplementing IDD with regard to information requirements and conduct of business rules applicable to the distribution of insurance-based investments products (the “**IDD Delegated Regulations**”). The IDD Delegated Regulations are supplemented by related guidelines, technical advices and measures, such as Commission Implementing Regulation (EU) 2017/1469 of 11 August 2017 laying down a standardized presentation format for the IPID, EIOPA’s October 2017 “Guidelines on insurance-based investment products that incorporate a structure which makes it difficult for the customer to understand the risks involved” (complex insurance products) and its Technical Advice of April 2019 concerning the integration of sustainability risks and factors in investment decision and insurance distribution processes as well as measures from IVASS in implementation of the IDD.

The changes introduced by the IDD (and future integrations and amendments) are likely to have a significant effect on UG Group as well as the European insurance market, including, *inter alia*, increase of costs, compliance obligations regarding distribution requirements, information disclosure and business practices, and an impact on distribution channels.

### ***Risk related to the entry into force at national level of the Anti Money Laundering Directive***

Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing (“**5AMLD**”) became effective on 9 July 2018, following its publication in the Official Journal of the European Union. The 5AMLD has further amended the Fourth Anti-Money Laundering Directive (2015/849/EU) (“**4AMLD**”) which has introduced increased enforcement powers for supervisory authorities with the ability to impose fines on financial institutions of up to 10% of total annual consolidated turnover. The 5AMLD has been implemented in Italy by Legislative Decree No. 125 of 4 October 2019, which came into effect on 10 October 2019, and amends in several significant ways certain elements of the 4 AMLD, including in relation to the following areas: (i) wider scope of regulation; (ii) increased responsibility for the ultimate parent company of financial groups; (iii) broader access and establishment of a centralised national register of beneficial owners information; and (iv) enhanced due diligence for high-risk third countries. Furthermore,

Commission Delegated Regulation (EU) 2019/578 of 31 January 2019 supplementing the 4AMLD has introduced further limitation to European financial groups operating in third countries whose law does not permit the implementation of group-wide policies and procedures of the 4AMLD, by requiring additional measures to mitigate money laundering and terrorist financing risks at the level of branches/subsidiaries of the group established in such third countries.

The changes introduced by the 4AMLD, as amended by the 5AMLD, and by the Italian implementing legislation are likely to have a significant impact on the Issuer, in its quality of group operating in life insurance business through its subsidiaries as well as the European insurance market in general, as a result of the more stringent requirements that will lead to increased costs of compliance.

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

The risks below have been classified into the following categories:

1. Risks related to the structure of a particular issue of Notes;
2. Risks related to Notes generally; and
3. Risks related to the market generally.

### **RISKS RELATED TO THE STRUCTURE OF A PARTICULAR ISSUE OF NOTES**

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common of these features:

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

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

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

In particular, with respect to the Clean-Up Call Option, there is no obligation under the Terms and Conditions of the Notes for the Issuer to inform investors if and when the threshold of 20 per cent. or less of the initial aggregate principal amount of a particular Series of Notes remaining outstanding has been reached or is about to be reached, and the Issuer's right to redeem will exist notwithstanding that immediately prior to the serving of a notice in respect of the exercise of the Clean-Up Call Option, the Notes may have been trading significantly above par, thus potentially resulting in a loss of capital invested.

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

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing

securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

***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. Any such consequence could have a material adverse effect on the Notes. Regulation (EU) 2016/1011 (the **Benchmarks Regulation**) was published in the Official Journal of the EU on 29 June 2016 and will apply from 1 January 2018. 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 will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of “benchmarks” of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on the Notes, in particular, if the methodology or other terms of the “benchmark” are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the “benchmark”.

More broadly, any of the international or national reforms, 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 following effects on certain “benchmarks”: (i) discourage market participants from continuing to administer or contribute to the “benchmark”; (ii) trigger changes in the rules or methodologies used in the “benchmark” or (iii) lead to the disappearance of the “benchmark”. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on the Notes.

The Terms and Conditions provide for certain fallback arrangements in the event that an Original Reference Rate and/or any page on which an Original Reference Rate may be published (or any other successor service) becomes unavailable or a Benchmark Event (as defined in the Terms and Conditions) otherwise occurs, subject (to the extent required) to giving any notice required to be given to, and receiving any consent required from, or non-objection from, the competent authority. Such fallback arrangements include the possibility that the Rate of Interest could be set by reference to a Successor Rate or an Alternative Rate (both as defined in the Terms and Conditions), with or without the application of an adjustment spread and may include amendments to the Terms and Conditions to ensure the proper operation of the successor or replacement benchmark, all as determined by the Issuer (acting in good faith and in consultation with an Independent Adviser). An adjustment spread, if applied could be positive or negative and would be applied with a view to reducing or eliminating, to the fullest extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of an Original Reference Rate. However, it may not be possible to determine or apply an adjustment spread and even if an adjustment is applied, such adjustment spread may not be effective to reduce or eliminate economic prejudice to investors. If no adjustment spread can be determined, a Successor Rate or Alternative Rate may nonetheless be used to determine the Rate of Interest. The use of a Successor Rate or Alternative Rate (including with the application of an adjustment spread) will still result in any Notes linked to or referencing an Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would if the Original Reference Rate were to continue to apply in its current form.

In certain circumstances the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates and Alternative Rates,

the involvement of an Independent Adviser and the potential for further regulatory developments there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

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

***Future discontinuance of LIBOR may adversely affect the value of Floating Rate Notes which reference LIBOR***

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority, which regulates LIBOR, announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards.

Investors should be aware that, if LIBOR is discontinued or otherwise unavailable, the interest rate applicable to Floating Rate Notes which reference LIBOR will be determined for the relevant period by the fall-back provisions applicable to such Notes. This may, in certain circumstances, result in the effective application of a fixed rate based on the last available LIBOR rate applied in the previous period. There is also uncertainty as to the establishment of an alternative interest rate which would apply if LIBOR were discontinued and the adequacy of any such alternative rate. Amendments to the terms and conditions and/or relevant fall-back provisions may be required and there can be no assurance that any such amendments will fully or effectively mitigate all relevant interest rate risks. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes which reference LIBOR.

**RISKS RELATED TO NOTES GENERALLY**

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

***The conditions of the Notes contain provisions which may permit their modification without the consent of all investors***

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

***Redemption for tax reasons***

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

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

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus, save that provisions for convening meetings of Noteholders and the appointment of a Noteholders' Representative in respect of any Series of Notes are subject to compliance with mandatory provisions of Italian law. No assurance can be given as to the impact of any possible judicial decision or change to English law and/or Italian law (where applicable) or administrative practice after the date of this Base Prospectus and any such change could materially adversely affect



the value of any Notes affected by it. Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer.

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

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis may affect the secondary market and the market value of such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

### ***Italian insolvency law***

Italian insurance companies are subject to a special regime on insolvency, designed to ensure, *inter alia*, control by the supervisory authority *Istituto per la Vigilanza sulle Assicurazioni* (IVASS) over the proceedings.

Italian law provides for a variety of measures which may be ordered by IVASS in relation to insurance companies in the event of serious infringements of regulatory provisions, including in relation to breach of minimum regulatory capital requirements or similar situations indicative of financial distress. In these situations, an insurance company may be subject to measures such as an obligation to produce a financial plan, a prohibition against undertaking new business and/or an order freezing assets covering the technical reserves. In some circumstances, one or more commissioners (*commissari*) may be appointed to accomplish specific administrative actions and/or replace existing management of the insurance company. However, since these measures do not purport to affect the rights of creditors to an insurance company or to result in an acceleration of obligations of the insurance company generally, they will not automatically result in amounts under the Notes becoming immediately due and payable and are not further addressed below.

The only insolvency proceeding in relation to the Issuer which will, of itself, result in an acceleration of amounts under the Notes is *liquidazione coatta amministrativa* (compulsory administrative liquidation, the **Liquidation Proceeding**), as governed by Article 245 of the Italian Legislative Decree No. 209/2005, as amended (*Codice delle Assicurazioni Private*, as amended the **Italian Code of Private Insurance**). The Liquidation Proceeding may be initiated by the Italian Minister of Economic Development on proposal by IVASS. Due to the public interest at stake in the regulation of insurance companies, it is not possible for the Liquidation Proceeding to be initiated directly by court order upon petition by one or more creditors. Creditors may, however, petition the court for a declaration of insolvency on the basis of unpaid claims or evident and material financial insufficiency and, if issued by the court, the declaration of insolvency will result in acceleration of the obligations of the Issuer under the Notes as a result of application of Article 1186 of the Italian Civil Code. In addition, a declaration of insolvency would certainly be brought to the attention of the Italian Ministry of Economic Development (*Ministero dello Sviluppo Economico*) and IVASS for formal commencement of the Liquidation Proceeding.

As from the date of commencement of the Liquidation Proceeding, creditors are prohibited from undertaking or continuing executive measures against the debtor or its assets. Furthermore, any legal action resulting from commencement of the Liquidation Proceedings, including in relation to payment of amounts due under the Notes, must be brought before the courts of the place where the Issuer has its registered office.

In the event of a Liquidation Proceeding, one or more liquidators (*commissari liquidatori*) will be appointed by IVASS, in addition to a supervisory committee composed of between three to five members. These appointments will be effective for a period of three years, renewable for an indefinite period if necessary in order to complete the procedure. At any time during the proceedings, IVASS may issue regulations or guidelines of general application or specifically addressed to the Issuer in connection with the conduct of the Liquidation Proceeding and may authorise the continuation of specifically identified transactions deemed necessary or useful for the conduct of the Liquidation

Proceeding. Within 60 days of their appointment, the liquidators are obliged to notify all creditors of the commencement of the Liquidation Proceeding as well as the amount of claims resulting from the books and records of the Issuer. The liquidators will then have a further 90 days to submit to IVASS a list of creditors admitted to the Liquidation Proceeding and the amount recognised as owing to each. Creditors not admitted or whose claims are not fully recognised will have the right to challenge the list presented to IVASS.

The Italian Code of Private Insurance provides the liquidators with all powers necessary to realise the assets of the Issuer, settle outstanding claims and/or enter into loans or other forms of financing, subject in each case to authorisation where applicable by the supervisory committee and/or IVASS. In particular, the liquidators may be empowered to sell the assets and liabilities of the Issuer, as well as the business or any line of business of the Issuer or assets and legal relationships identified on a block basis. Such transfers may occur at any point during the Liquidation Proceedings. The liquidators may likewise transfer the whole or any portion of the insurance portfolio of the Issuer.

At any point during the Liquidation Proceeding, the liquidators or shareholders of the Issuer may propose a composition with creditors, indicating the percentage of claims to be offered to unsecured creditors, as well as the time frame for payment and any security to be provided. The composition must be authorised by IVASS before being filed with the presiding court. No voting procedure is contemplated in relation to the composition plan, although any creditor is entitled to file opposition, in which case it will be up to the presiding Court to decide whether or not to authorise its execution. As a result of the above, the Noteholders should be aware that they will generally have limited ability to influence the outcome of any insolvency proceedings which may apply to the Issuer under Italian law.

***Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued***

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

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

***In respect of any Notes issued with a specific use of proceeds, such as a 'Green Bond' or 'Social Bond' or 'Sustainability Bond', there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor***

The applicable Final Terms relating to any specific Tranche of Notes may provide that it will be the Issuer's intention to apply an amount equivalent to the proceeds from an offer of those Notes specifically for projects and activities that promote climate-friendly and other environmental purposes (**Green Eligible Projects**), that promote access to labour market and accomplishment of general interest initiatives (**Social Eligible Projects**) or a combination of the two (**Sustainability Eligible Projects**, and together with the Green Eligible Projects and the Social Eligible Projects, **Eligible Projects**). Prospective investors should have regard to the information in the applicable Final Terms regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary. In particular no assurance is given by the Issuer or the Dealers that the use of such proceeds for any Eligible Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or

future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates (in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, the relevant Eligible Projects). It should be noted that the definition (legal, regulatory or otherwise) of, and market consensus as to what constitutes or may be classified as, a "sustainable", "green" or equivalently-labelled project or a loan that may finance such activity, and the requirements of any such label are currently under development. On 18 December 2019, the Council and the European Parliament reached a political agreement on a regulation to establish a framework to facilitate sustainable development (the **EU Taxonomy**). On 9 March 2020, the European Union Technical Expert Group published its final report on the EU Taxonomy containing recommendations relating to the overarching design of the EU Taxonomy, as well as extensive implementation guidance on how companies and financial institutions can use and disclose against the taxonomy, including in relation to a future European standard for green bonds proposed by the Technical Expert Group on Sustainable Finance in 2019 (the **EU Green Bond Standard**). On 15 April 2020, the Council adopted by written procedure its position at first reading with respect to the Taxonomy Regulation. The European Parliament will have to vote on the text pursuant to the "early second reading agreement" procedure. On 12 June 2020, the European Commission launched a public consultation on the creation of the EU Green Bond Standard. These texts are still to be implemented and the final texts may vary from the current recommendations, which may have an impact on the Notes that cannot be predicted at this stage. Accordingly, no assurance is or can be given to investors that any projects or uses the subject of, or related to, any Eligible Projects will meet any or all investor expectations regarding such "green", "social" or "sustainable" or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Projects. Any such consequences could have an adverse effect on the liquidity and value of and return on any such Notes.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may or may not be made available in connection with the issue of any Notes and in particular with any Eligible Projects to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Dealers or any other person to buy, sell or hold any such Notes. Any such opinion or certification is only current as of the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

In the event that any such Notes are listed or admitted to trading on any dedicated "green", "social", "sustainable" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer, the Dealers or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Projects. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer, the Dealers or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

While it is the intention of the Issuer to apply an amount equivalent to the proceeds of any Notes so specified for Eligible Projects in, or substantially in, the manner described in the applicable Final Terms, there can be no assurance that the relevant project(s) or use(s) the subject of, or related to, any Eligible Projects will be capable of being implemented in or substantially in such manner and/or in accordance with any timing schedule and that accordingly such proceeds will be totally applied for the specified Eligible Projects. Nor can there be any assurance that such

Eligible Projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer.

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

## **RISKS RELATED TO THE MARKET GENERALLY**

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

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

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

### ***Delisting of the Notes***

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

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

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

(i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

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

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

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

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

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

In general, European (including the UK) regulated investors are restricted under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU or the UK and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by non-EU and non-UK credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered or UK-registered credit rating agency or the relevant non-EU and non-UK rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). If the status of the rating agency rating the Notes changes, European (including the UK) regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in European (including the UK) regulated investors selling the Notes which may impact the value of the Notes and any secondary market. The list of registered and certified rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover of this Base Prospectus.

***Legal investment considerations may restrict certain investments***

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

## DOCUMENTS INCORPORATED BY REFERENCE

The information set out in the cross-reference tables below, which is contained in the following documents which have previously been published, shall be incorporated by reference in, and form part of, this Base Prospectus.

- (a) the auditors' review report and the unaudited interim condensed consolidated financial statements of the Issuer as of and for the six months ended 30 June 2020 available at [https://www.unipol.it/sites/corporate/files/document\\_attachments/ug\\_1h20-report\\_en\\_def.pdf](https://www.unipol.it/sites/corporate/files/document_attachments/ug_1h20-report_en_def.pdf):

Statement of Financial Position.....	Pages 42 to 43
Income Statement.....	Page 44
Comprehensive Income.....	Page 45
Statement of Changes in Equity.....	Page 46
Statement of Cash Flows.....	Page 47
Notes to the Financial Statements.....	Pages 50 to 79
Independent Auditors' Report.....	Pages 106 to 107 (pages 108 to 109 of the electronic document)

- (b) the auditors' report and audited consolidated annual financial statements of the Issuer as of for the financial year ended 31 December 2019 available at [https://www.unipol.it/sites/corporate/files/document\\_attachments/ug\\_bilancio consolidato 2019\\_eng\\_1.pdf](https://www.unipol.it/sites/corporate/files/document_attachments/ug_bilancio consolidato 2019_eng_1.pdf):

Statement of Financial Position.....	Pages 124 to 125
Income Statement.....	Page 126
Comprehensive Income.....	Page 127
Statement of Changes in Shareholders' Equity.....	Page 128
Statement of Cash Flows.....	Page 129
Notes to the Financial Statements.....	Pages 133 to 226
Independent Auditors' Report.....	Pages 270 to 279 (pages 272 to 281 of the electronic document)

- (c) the auditors' report and audited consolidated annual financial statements of the Issuer for the financial year ended 31 December 2018 available at: [https://www.unipol.it/sites/corporate/files/document\\_attachments/bilancio consolidato integrato 2018\\_ug\\_def\\_eng.pdf](https://www.unipol.it/sites/corporate/files/document_attachments/bilancio consolidato integrato 2018_ug_def_eng.pdf):

Statement of Financial Position.....	Pages 132 to 133
Income Statement.....	Page 134
Statement of Comprehensive Income.....	Page 135
Statement of Changes in Shareholders' Equity.....	Page 136
Statement of Cash Flows.....	Page 137
Notes to the Financial Statements.....	Pages 141 to 243
Independent Auditors' Report.....	Pages 308 to 319 (pages 310 to 321 of the electronic document)

- (d) the unaudited consolidated interim report of UnipolSai Assicurazioni S.p.A. as of and for the six months ended 30 June 2020 available at [http://www.unipolsai.com/sites/corporate/files/document\\_attachments/unipolsai consolidated interim financial report 30-06-2020\\_en.pdf](http://www.unipolsai.com/sites/corporate/files/document_attachments/unipolsai consolidated interim financial report 30-06-2020_en.pdf):

Alternative Performance Indicators.....	Page 13
Statement of Financial Position .....	Pages 46 to 47
Income Statement .....	Page 48
Comprehensive Income Statement .....	Page 49
Statement of Changes in Shareholders' Equity .....	Page 50
Cash Flow Statement.....	Page 51
Notes to the Financial Statements.....	Pages 53 to 84
Independent Auditor's Report.....	Pages 107 to 110

- (e) the auditors' report and audited consolidated annual financial statements of UnipolSai Assicurazioni S.p.A. as of and for the financial year ended 31 December 2019 available at [http://www.unipolsai.com/sites/corporate/files/document\\_attachments/bilancio\\_consolidato\\_2019\\_usai\\_en.pdf](http://www.unipolsai.com/sites/corporate/files/document_attachments/bilancio_consolidato_2019_usai_en.pdf):

Alternative Performance Indicators .....	Page 19
Statement of Financial Position .....	Page 62 to 63
Income Statement .....	Page 64
Comprehensive Income Statement .....	Page 65
Statement of Changes in Shareholders' Equity .....	Pages 66
Cash Flow Statement .....	Page 67
Notes to the Financial Statements .....	Pages 69 to 168
Independent Auditors' Report.....	Pages 205 to 214

- (f) the Green Bond Framework available at [https://www.unipol.it/sites/corporate/files/pages\\_related\\_documents/unipol\\_unipolsai\\_gbf\\_0.pdf](https://www.unipol.it/sites/corporate/files/pages_related_documents/unipol_unipolsai_gbf_0.pdf);

All pages

- (g) press release headed “Publication of the updated Articles of Association” issued by UG on 14 July 2020 available at [https://www.unipol.it/sites/corporate/files/press\\_related\\_documents/pre\\_ug\\_publication\\_updated\\_articles\\_of\\_association\\_14-07-2020\\_en\\_0.pdf](https://www.unipol.it/sites/corporate/files/press_related_documents/pre_ug_publication_updated_articles_of_association_14-07-2020_en_0.pdf); and

All pages

- (h) press release headed “Consolidated results as at first Half 2020 approved” issued by UG on 7 August 2020 available at [https://www.unipol.it/sites/corporate/files/press\\_related\\_documents/pre\\_ug\\_1h2020-results\\_07-08-2020\\_en.pdf](https://www.unipol.it/sites/corporate/files/press_related_documents/pre_ug_1h2020-results_07-08-2020_en.pdf).

All pages

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

Any non-incorporated parts of a document referred to herein (i.e. the information not listed in the cross reference lists) are either deemed not relevant for an investor or are otherwise covered elsewhere in this Base Prospectus.

The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a

supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

Any websites included in this Base Prospectus are for information purposes only and do not form part of this Base Prospectus



## FORM OF THE NOTES

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

- (i) if the Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg** and, together with Euroclear, the **ICSDs**); and
- (ii) if the Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for, Euroclear and Clearstream, Luxembourg.

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

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

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

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

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing, (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available or (iii) the Issuer has or will become subject to adverse tax consequences which

would not be suffered were the Notes represented by the Permanent Global Note in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 14 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

The following legend will appear on all Notes (other than Temporary Global Notes) and on all interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms:

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

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

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

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

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

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 10. In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then from 8.00 p.m. (London time) on such day holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the **Deed of Covenant**) dated 11 September 2020 and executed by the Issuer.

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

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

**[Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the SFA) - [To insert notice if classification of the Notes is not “prescribed capital markets products”, pursuant to Section 309B of the SFA or Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)]”].<sup>2</sup>**

## **APPLICABLE FINAL TERMS**

*Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme which [(1)] have a denomination of at least € 100,000 (or its equivalent in any other currency) or more[, and/or (2) are to be admitted to trading only on a regulated market, or a specific segment of a regulated market, to which only qualified investors (as defined in the Prospectus Regulation) have access].*

[Date]

### **UNIPOL GRUPPO S.p.A.**

**Legal entity identifier (LEI): 8156005CE5E7340CCA86**

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
under the €3,000,000,000  
Euro Medium Term Note Programme**

## **PART A — CONTRACTUAL TERMS**

[The Notes will only be admitted to trading on [insert name of relevant *QI* market/segment], which is [an EEA regulated market/a specific segment of an EEA regulated market] (and, for these purposes, reference to the EEA includes the United Kingdom) (as defined in MiFID II), to which only qualified investors (as defined in the Prospectus Regulation) can have access and shall not be offered or sold to non-qualified investors.]

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the base prospectus dated 11 September 2020 (the **Base Prospectus**) [and the supplement[s] to the Base Prospectus dated [•] and

<sup>2</sup> Relevant Dealer(s) to consider whether it / they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

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

- (N.B. Notes must have a minimum denomination of €100,000 (or equivalent))

"[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]. No Notes in definitive form will be issued with a denomination above [€199,000]" ) )

- 43

*Denominations.)*

6. (a) Issue Date: [ ]
- (b) Interest Commencement Date: [*specify*/Issue Date/Not Applicable]
- (N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.)*
7. Maturity Date: [*Specify date or for Floating rate notes – Interest Payment Date falling in or nearest to specify month and year*]
8. Interest Basis: [[ ] per cent. Fixed Rate]
- [[[ ] month [LIBOR/EURIBOR]] +/- [ ] per cent. Floating Rate]
- [Zero coupon]
- (see paragraph [13]/[14]/[15] below)
9. Redemption[/Payment] Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [ ] per cent. of their nominal amount
- (N.B. the amount to be included shall be at least 100)*
10. Change of Interest Basis: [For the period from (and including) the Interest Commencement Date, up to (but excluding) [date] paragraph [13/14] applies and for the period from (and including) [date], up to (and including) the Maturity Date, paragraph [13/14] applies] [Not Applicable]
11. Put/Call Options: [Investor Put]
- [Issuer Call]
- [Residual Maturity Call Option by the Issuer]
- [Clean-Up Call Option]
- [(see paragraph [17]/[18]/[19]/[20] below)]
- [Not Applicable]
12. Date of [Board] approval for issuance of [ ] Notes obtained: *(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes)*

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

13. Fixed Rate Note Provisions: [Applicable/Not Applicable]
- (If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Rate(s) of Interest: [ ] per cent. per annum payable in arrear on each Interest Payment Date

- (b) Interest Payment Date(s): [ ] in each year up to and including the Maturity Date  
(Amend appropriately in the case of irregular coupons)
- (c) Fixed Coupon Amount(s): [ ] per Calculation Amount  
(Applicable to Notes in definitive form.)
- (d) Broken Amount(s): [[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]  
(Applicable to Notes in definitive form.)
- (e) Day Count Fraction: [30/360] [Actual/Actual (ICMA)]
- (f) [Determination Date(s): [[ ] in each year][Not Applicable]  
(Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)
14. Floating Rate Note Provisions: [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (a) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (b) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]
- (c) Additional Business Centre(s): [ ]
- (d) Manner in which the Rate of Interest and Interest Amount is to be determined: [Screen Rate Determination/ISDA Determination]
- (e) Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent): [ ] (the **Calculation Agent**)
- (f) Screen Rate Determination: [Applicable/Not Applicable]
- Reference Rate: Reference Rate: [ ] month [LIBOR/EURIBOR]
  - Interest Determination Date(s): [ ]  
(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
  - Relevant Screen Page: [ ]  
(In the case of EURIBOR, if not Reuters EURIBOR01)

*ensure it is a page which shows a composite rate or amend the fallback provisions appropriately)*

- (g) ISDA Determination: [Applicable/Not Applicable]
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period)*

*(N.B. The fall-back provisions applicable to ISDA Determination under the 2006 ISDA Definitions are reliant upon the provision by reference banks of offered quotations for LIBOR and/or EURIBOR which, depending on market circumstances, may not be available at the relevant time)*

- (h) Margin(s): [+/-] [ ] per cent. per annum
- (i) Minimum Rate of Interest: [ ] per cent. per annum
- (j) Maximum Rate of Interest: [ ] per cent. per annum
- (k) Day Count Fraction:

[Actual/Actual (ISDA)][Actual/Actual]  
 Actual/365 (Fixed)  
 Actual/365 (Sterling)  
 Actual/360  
 [30/360][360/360][Bond Basis]  
 [30E/360][Eurobond Basis]  
 30E/360 (ISDA)]

15. Zero Coupon Note Provisions: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Accrual Yield: [ ] per cent. per annum
- (b) Reference Price: [ ]
- (c) Day Count Fraction in relation to Early Redemption Amounts: [30/360]  
 [Actual/360]  
 [Actual/365]

#### **PROVISIONS RELATING TO REDEMPTION**

16. Notice periods for Condition 7.2: Minimum period: [ ] days  
 Maximum period: [ ] days
17. Issuer Call: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (a) Optional Redemption Date(s): [      ]
- (b) Optional Redemption Amount: [      ] per Calculation Amount
- (c) If redeemable in part:
- (i) Minimum Redemption Amount: [      ]
- (ii) Maximum Redemption Amount: [      ]
- (d) Notice periods: Minimum period: [      ] days  
Maximum period: [      ] days
- (N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of five business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*
18. Residual Maturity Call Option by the Issuer: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Call Option Date: [      ]
- (ii) Notice Period<sup>3</sup>: [As per Condition 14]/[      ]
19. Clean-Up Call Option by the Issuer (Condition 7.5): [Applicable/Not Applicable]
- (i) Clean-Up Call Amount: [      ] per Note [of [      ] Specified Denomination]
20. Investor Put: [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (a) Optional Redemption Date(s): [      ]
- (b) Optional Redemption Amount: [      ] per Calculation Amount
- (c) Notice periods: Minimum period: [      ] days  
Maximum period: [      ] days  
*(N.B. When setting notice periods, the Issuer is advised to*

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<sup>3</sup> If setting notice periods are different to those provided in the terms and conditions, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing system and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and its fiscal agent.



*consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 15 business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent)*

21. Final Redemption Amount: [ ] per Calculation Amount

22. Early Redemption Amount payable on redemption for taxation reasons or on event of default: [ ] per Calculation Amount

*(N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is more than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.)*

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

23. Form of Notes:

(a) [Form:]

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon an Exchange Event]

[Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date]

[Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event]

*(Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes themselves. N.B. The exchange upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 5 includes language substantially to the following effect: "[€100,000] and integral multiples of [€1,000] in excess thereof up to and including [€199,000]". Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes.)*

New Global Note:

[Yes][No]

24. Additional Financial Centre(s):

[Not Applicable/give details]

*(Note that this paragraph relates to the place of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which subparagraph 14(c) relates)*

25. Talons for future Coupons to be attached to Definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]

[[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of [name of the Issuer]:

By: .....

*Duly authorised*

## PART B – OTHER INFORMATION

### 1. LISTING AND ADMISSION TO TRADING

- (i) Listing and Admission to trading [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market and listing on the Official List of the Luxembourg Stock Exchange with effect from [ ].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the Luxembourg Stock Exchange's regulated market and listing on the Official List of the Luxembourg Stock Exchange with effect from [ ].] [Not Applicable.]
- (ii) Estimate of total expenses related to admission to trading: [ ]

### 2. RATINGS

Ratings: [The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

*[insert details]] by [insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms].*

[Each of *[defined terms]* is established in the EEA/UK and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**).] *[To be used after the Brexit transition period if the rating is issued or endorsed by UK CRA: [Insert legal name of particular credit rating agency entity providing rating] is established in the UK and is [registered with the FCA in accordance with] / [the rating it has given to the Notes is endorsed by [UK-based credit rating agency] registered with the FCA in accordance with] / [certified under] [the UK Credit Rating Agencies Regulation, as amended by the Credit Rating Agencies (Amendment etc.) (EU Exit Regulations 2019)]*

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

*(The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.)*

### 3. REASONS FOR THE OFFER – USE OF PROCEEDS

Use of Proceeds: [ ]

*(Applicable only in case of securities to be classified as green/social/sustainability bond if the use of proceeds is different to that stated in the Base Prospectus. If not applicable, delete this paragraph)*

#### 4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

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

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

5. **ESTIMATED NET PROCEEDS** The amount of the proceeds from the issue of the Notes net of expenses of admission to trading is €[●].  
Estimated net proceeds:

6. **YIELD** (*Fixed Rate Notes only*) [Not Applicable]  
Indication of yield: [ ]

#### 7. HISTORIC INTEREST RATES (*Floating Rate Notes only*)

[Details of historic [LIBOR/EURIBOR/*replicate other as specified in the Conditions*] rates can be obtained from [Reuters].][Not Applicable]

#### 8. OPERATIONAL INFORMATION

- (i) ISIN Code: [ ]
- (ii) Common Code: [ ]
- (iii) CFI: [[See/[*include code*], as updated, as set out on] the website of the Association of National Numbering Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/NotApplicable/Not Available]
- (iv) FISN: [[See/[*include code*], as updated, as set out on] the website of the ANNA or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/NotApplicable/Not Available]
- (v) Any clearing system(s) other than Euroclear and Clearstream, [Not Applicable/*give name(s) and number(s)*]

Luxembourg and the relevant identification number(s):

- (vi) Delivery: Delivery [against/free of] payment
- (vii) Names and addresses of additional Paying Agent(s) (if any): [ ]
- (viii) Deemed delivery of clearing system notices for the purposes of Condition 14: Any notice delivered to Noteholders through the clearing systems will be deemed to have been given on the [second] [business] day after the day on which it was given to Euroclear and Clearstream, Luxembourg.
- (ix) [Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/  
  
[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

## 9. DISTRIBUTION

- (i) Method of distribution: [Syndicated/Non-syndicated]
- (ii) If syndicated, names of Managers: [Not Applicable/give names]
- (iii) Stabilisation Manager(s) (if any): [Not Applicable/give name]
- (iv) If non-syndicated, name of relevant Dealer: [Not Applicable/give name]
- (v) U.S. Selling Restrictions: Reg. S Compliance Category [1/2]; [TEFRA D/TEFRA C/TEFRA not applicable]
- (vi) Prohibition of Sales to EEA and UK Retail Investors: [Applicable/Not Applicable]  
  
*(If the Notes clearly do not constitute "packaged" products*

*or the Notes do constitute “packaged” products and a KID will be prepared, “Not Applicable” should be specified. If the Notes may constitute “packaged” products, “Applicable” should be specified.)*

## TERMS AND CONDITIONS OF THE NOTES

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

This Note is one of a Series (as defined below) of Notes issued by Unipol Gruppo S.p.A. (the **Issuer**) pursuant to the Agency Agreement (as defined below).

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

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note; and
- (c) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 11 September 2020 and made between the Issuer, BNP Paribas Securities Services, Luxembourg Branch as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent) and the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which complete these Terms and Conditions (the **Conditions**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, complete the Conditions for the purposes of this Note. References to the applicable Final Terms are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

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

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as modified and/or supplemented and/or restated from time to time, the **Deed of Covenant**) dated 11 September 2020 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. Copies of the applicable Final Terms are available for viewing at the registered office of the Issuer and of the Agent and copies may be obtained from those offices save that, if this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under Regulation (EU) 2017/1129 (the **Prospectus Regulation**), the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Paying Agent as to its holding of such Notes and identity. If the Notes are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)). The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

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

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

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

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

This Note may be a Fixed Rate Note, a Floating Rate Note and a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

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

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

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

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



Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

## **2. Status of the Notes**

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

## **3. Negative Pledge**

So long as any of the Notes remains outstanding, the Issuer will not create or permit to subsist any Security Interest (other than Permitted Encumbrances) upon, or with respect to, any of its present or future business, undertaking, assets or revenues, present or future, to secure any Relevant Indebtedness unless the Issuer, in the case of the creation of a Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (a) all amounts payable by it under the Notes and the Coupons are secured by the Security Interest equally and rateably with the Relevant Indebtedness; or
- (b) such other Security Interest or other arrangement is provided as is approved by an Extraordinary Resolution (as defined in the Agency Agreement) of the Noteholders.

As used herein:

**Permitted Encumbrances** means:

- (a) any Security arising pursuant to any mandatory provision of law other than as a result of any action taken by the Issuer; or
- (b) any Security in existence as at the date of issuance of the Notes;

**Relevant Indebtedness** means (i) any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any bonds, notes, debentures, debenture stock, loan stock or other securities which are for the time being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, and (ii) any guarantee or indemnity in respect of any such indebtedness; and

**Security Interest** means any mortgage, lien, pledge, charge or other security interest.

## **4. Definitions**

In the Conditions, the following expressions have the following meanings:

**Established Rate** means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

**euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

**Relevant Notes** means all Notes where the applicable Final Terms provide for a minimum Specified Denomination in the Specified Currency which is equivalent to at least euro 100,000 and which are admitted to trading on a regulated market in the European Economic Area; and

**Treaty** means the Treaty establishing the European Community, as amended.

## **5. Interest**

### **5.1. Interest on Fixed Rate Notes**

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

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

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

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

- (A) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (B) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

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

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 5.1:

- (a) if "Actual/Actual (ICMA) " is specified in the applicable Final Terms:
  - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
  - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
    - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the

number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

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

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

In the Conditions:

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

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

## 5.2. *Interest on Floating Rate Notes*

(a) *Interest Payment Dates*

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

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

Such interest will be payable in respect of each Interest Period.

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

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

- (A) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be

brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

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

In the Conditions, **Business Day** means:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre specified in the applicable Final Terms; and
- (b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency ( which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open.

(b) *Rate of Interest*

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

(i) ISDA Determination for Floating Rate Notes

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

as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is as the day specified in the applicable Final Terms.

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

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

(ii) Screen Rate Determination for Floating Rate Notes

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

- (A) the offered quotation; or
- (B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either the London inter-bank offered rate (**LIBOR**) or the Euro-zone inter-bank offered rate (**EURIBOR**), as specified in the applicable Final Terms) which appears or appear, as the case may be, on the Relevant Screen Page as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of subparagraph (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph. In particular, if the Relevant Screen Page is not available or if, in the case of subparagraph 5.2(ii)(A) above, no offered quotation appears or, in the case of subparagraph 5.2(ii)(B) above, fewer than three offered quotations appear, in each case as at the Specified Time, the Agent shall request each of the Reference Banks to provide the Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date in question. If two or more of the Reference Banks provide the Agent with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the

fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent.

### **Definitions**

For the purposes of the Condition:

**Reference Banks** means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Agent.

(c) *Minimum Rate of Interest and/or Maximum Rate of Interest*

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

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

(d) *Determination of Rate of Interest and calculation of Interest Amounts*

The Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

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

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

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

**Day Count Fraction** means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2:

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

number of days in that portion of the Interest Period falling in a non- leap year divided by 365);

- (ii) if "Actual/365 (Fixed) " is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if "Actual/365 (Sterling) " is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30;

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

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D<sub>2</sub> will be 30;

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

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

where:

"Y<sub>1</sub>" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y<sub>2</sub>" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M<sub>1</sub>" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M<sub>2</sub>" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D<sub>1</sub>" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D<sub>1</sub> will be 30; and

"D<sub>2</sub>" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D<sub>2</sub> will be 30.

(e) *Notification of Rate of Interest and Interest Amounts*

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth Luxembourg Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression **Luxembourg Business Day** means a day (other than a Saturday or a



Sunday) on which banks and foreign exchange markets are open for general business in Luxembourg.

(f) *Certificates to be final*

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2, whether by the Agent shall (in the absence of wilful default, bad faith, manifest error or proven error) be binding on the Issuer, the Agent, the other Paying Agents and all Noteholders and Couponholders and (in the absence of wilful default or bad faith) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

**5.3. Benchmark discontinuation**

Notwithstanding the provisions above in Condition 5.2 (*Interest on Floating Rate Notes*), if a Benchmark Event occurs in relation to an Original Reference Rate when any required Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions of this Condition 5.3 shall apply.

- 5.3.1 **Independent Adviser:** The Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5.3.2) and, in either case, an Adjustment Spread if any (in accordance with Condition 5.3.3) and whether any Benchmark Amendments (in accordance with Condition 5.3.4) are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Independent Adviser appointed pursuant to this Condition 5.3 shall act in good faith and (in the absence of bad faith, fraud and gross negligence) shall have no liability whatsoever to the Issuer, the Agent, the Paying Agents, or the Noteholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 5.3.

- 5.3.2 **Successor Rate or Alternative Rate:** If the Issuer, following consultation with the Independent Adviser and acting in good faith and in a commercially reasonable manner, determines that:

- (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 5.3), with effect as from the date or, as the case may be, Interest Period, as specified in the notice delivered pursuant to Condition 5.3.5 below; or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 5.3), with effect as from the date or, as the case may be, Interest Period, as specified in the notice delivered pursuant to Condition 5.3.5 below.

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

- 5.3.4 **Benchmark Amendments**

If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread (if any) is determined in accordance with this Condition 5.3 and the Issuer, following consultation with the Independent Adviser and acting in good faith and in commercially reasonable manner, determines (A) that amendments to these Conditions and/or the relevant Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or (in either case) the applicable Adjustment Spread (if any) and/or necessary or appropriate to comply with any applicable regulation or guidelines on the use of benchmarks or other related documents issued by the competent regulatory authority (such amendments, the **Benchmark Amendments**) and (B) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5.3.5 and subject (to the extent required) to giving any notice required to be given to, and receiving any consent required from, or non-objection from, the competent authority, without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the relevant Agency Agreement to give effect to such Benchmark Amendments (subject to prior agreement with the Calculation Agent or Paying Agent, if required under the relevant Agency Agreement) with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 5.3.4, the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

#### 5.3.5 *Notices, etc.*

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5.3 will be notified at least ten Business Days (or such shorter period as may be agreed between the Issuer and the Agent, Calculation Agent and/or Paying Agents (as appropriate)) prior to the relevant Interest Determination Date by the Issuer to the Agent, Calculation Agent, the Paying Agents and, in accordance with Condition 14 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify (*inter alia*) the effective date of the Benchmark Amendments, if any.

No later than notifying the Agent of the same, the Issuer shall deliver to the Agent, the Calculation Agent and the Paying Agents a certificate signed by an authorised signatory of the Issuer:

- (a) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate and, (iii) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 5.3;
- (b) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or (in either case) the applicable Adjustment Spread; and
- (c) certifying that (i) the Issuer has duly consulted with an Independent Adviser with respect to each of the matters above or, if that is not the case, (ii) explaining, in reasonable detail, why the Issuer has not done so.

The Agent shall display such certificate at its offices, for inspection by the Noteholders at all reasonable times during normal business hours.

The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) and without prejudice to the Agent's or the Calculation Agent's or the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Agent, the Calculation Agent, the Paying Agents and the Noteholders.

Notwithstanding any other provision of this Condition 5.3, if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 5.3, the Calculation Agent shall promptly notify the Issuer

thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, willful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, willful default or fraud) shall not incur any liability for not doing so.

#### 5.3.6 ***Survival of Original Reference Rate***

Without prejudice to the obligations of the Issuer under Conditions 5.3.1 to 5.3.5, the Original Reference Rate and the fallback provisions provided for in Condition 5.2.2(b)(ii) (*Interest on Floating Rate Notes – Rate of Interest – Screen Rate Determination for Floating Rate Notes*) as applicable will continue to apply unless and until the Agent, the Calculation Agent and the Noteholders have been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 5.3.5.

For the avoidance of doubt, if the Issuer is unable to appoint an Independent Adviser, or the Independent Adviser appointed by the Issuer fails to determine a Successor Rate or Alternative Rate (as applicable) on or before the date falling five Business Days prior to the Interest Determination Date relating to the next Interest Period, or if a Successor Rate or an Alternative Rate is not determined or adopted pursuant to the operation of this Condition 5.3 prior to such date, then the Rate of Interest for the next Interest Period shall be determined by reference to the fallback provisions of Condition 5.2 (*Interest on Floating Rate Notes*).

#### 5.3.7 **Definitions**

For the purposes of this Condition 5.3, unless defined above:

**Adjustment Spread** means either (a) a spread (which may be positive, negative or zero), or (b) the formula or methodology for calculating a spread, in either case, which the Independent Adviser or the Issuer (as applicable) determines (acting in good faith and in a commercially reasonable manner) is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or
- (ii) if no such recommendation has been made, or in the case of an Alternative Rate, the Issuer determines, following consultation with the Independent Adviser, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or
- (iii) if the Issuer determines that no such spread is customarily applied, the Issuer determines, following consultation with the Independent Adviser, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

**Alternative Rate** means an alternative benchmark or screen rate which the Issuer determines in accordance with Condition 5.3.2 is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) for a commensurate interest period and in the same Specified Currency as the Notes.

**Benchmark Amendments** has the meaning given to it in Condition 5.3.4.

**Benchmark Event** means, with respect to an Original Reference Rate:

- (i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (iv) a public statement by the supervisor of the administrator of the Original Reference Rate, as a consequence of which the Original Reference Rate will be prohibited from being used either generally or in respect of the Notes; or
- (v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that, with effect from a date after 31 December 2021, the Original Reference Rate is or will be (or is or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or
- (vi) it has or will prior to the next Interest Determination Date, as applicable, become unlawful for any Paying Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate (including, without limitation, under the Benchmark Regulation (EU) 2016/1011, if applicable),

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Agent, the Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Agent, the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination.

**Independent Adviser** means an independent financial institution of international repute or an independent adviser of recognised standing with appropriate expertise appointed by the Issuer at its own expense under Condition 5.3.1.

**Original Reference Rate** means the benchmark or screen rate (as applicable) originally specified for the purpose of determining the relevant Rate of Interest (or any relevant component part(s) thereof) on the Notes.

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

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

aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board, the European Systemic Risk Board, or any part thereof.

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

#### **5.4. *Accrual of interest***

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

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.

### **6. *Payments***

#### **6.1. *Method of payment***

Subject as provided below:

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

Payments will be subject in all cases to: (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8; and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

#### **6.2. *Presentation of definitive Notes and Coupons***

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion

of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of ten years after the Relevant Date (as defined in Condition 17) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

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

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

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

### **6.3. *Payments in respect of Global Notes***

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

### **6.4. *General provisions applicable to payments***

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

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

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at

such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;

- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

#### **6.5. *Payment Day***

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 9) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:
  - (i) in the case of Notes in definitive form only, the relevant place of presentation;
  - (ii) each Additional Financial Centre specified in the applicable Final Terms; and
- (b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

#### **6.6. *Interpretation of principal and interest***

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

- (a) any additional amounts which may be payable with respect to principal under Condition 7;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7.7); and
- (f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.

### **7. *Redemption and Purchase***

#### **7.1. *Redemption at maturity***

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by

the Issuer at its Final Redemption Amount specified in, or determined in the manner specified in, the applicable Final Terms in the relevant Specified Currency on the Maturity Date. Final Redemption Amount will always be at least at 100% of the nominal amount of the Notes.

## **7.2. *Redemption for tax reasons***

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms to the Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Agent to make available at its specified office to the Noteholders: (i) a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

Notes redeemed pursuant to this Condition 7.2 will be redeemed at their Early Redemption Amount referred to in Condition 7.7 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

## **7.3. *Redemption at the option of the Issuer (Issuer Call)***

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in applicable Final Terms to the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms. In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg, (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the Selection Date). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date



fixed for redemption pursuant to this Condition 7.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 at least five days prior to the Selection Date.

**7.4. *Residual Maturity Call Option by the Issuer***

Unless specified as not being applicable in the relevant Final Terms, the Issuer may, on giving not less than thirty (30) nor more than sixty (60) calendar days' irrevocable notice (which notice shall specify the date fixed for redemption) in accordance with Condition 14 (or such other notice period as may be specified in the relevant Final Terms) to the Noteholders, redeem the Notes in whole but not in part, at par together with interest accrued to, but excluding, the date fixed for redemption, at any time as from the Call Option Date (included and as specified in the applicable Final Terms), which shall be no earlier than three (3) months before the Maturity Date.

**7.5. *Clean-Up Call Option***

Unless specified as not being applicable in the relevant Final Terms, in the event that 20 per cent. or less of the initial aggregate principal amount of a particular Series of Notes (including any assimilated Notes issued pursuant to Condition 16) remains outstanding, the Issuer may, at its option but subject to having given not more than sixty (60) nor less than thirty (30) calendar days' notice to the Noteholders (which notice shall specify the date fixed for redemption) in accordance with Condition 14, redeem all, but not some only, of the outstanding Notes in that Series at their Clean-Up Call Redemption Amount together with any interest accrued to the date set for redemption.

**7.6. *Redemption at the option of the Noteholders (Investor Put)***

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

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

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 7.6 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in

which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7.6 and instead to declare such Note forthwith due and payable pursuant to Condition 10.

#### **7.7. Early Redemption Amounts**

For the purpose of Condition 7.2 above and Condition 10, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (a) in the case of a Note with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;
- (b) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

**RP** means the Reference Price;

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

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

#### **7.8. Purchases**

The Issuer or any of its Subsidiary may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Where permitted by applicable law and regulation, all Notes purchased pursuant to this Condition 7.8 may be cancelled or held, reissued or resold at the discretion of the relevant purchaser.

#### **7.9. Cancellation**

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and the Notes purchased and cancelled pursuant to Condition 7.8 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

#### **7.10. Late payment on Zero Coupon Notes**

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2, 7.3 or 7.4 above or upon its becoming due and repayable as provided in Condition 10 is improperly withheld or refused, the amount due and repayable in respect of such Zero

Coupon Note shall be the amount calculated as provided in Condition 7.7(b) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14.

## **8. Taxation**

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

- (a) presented for payment in the Republic of Italy;
- (b) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon;
- (c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6.5);
- (d) presented for payment by or on behalf of a holder who would not be liable or subject to the withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority;
- (e) presented for payment by or on behalf of a non-Italian resident, to the extent that interest or any other amounts is paid to a non-Italian resident which is resident in a country which does not allow for a satisfactory exchange of information with the Republic of Italy;
- (f) for or on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996 (Decree No. 239) as amended and/or supplemented or any regulations implementing or complying with such Decree;
- (g) with respect to any Notes qualifying as "atypical" securities (*titoli atipici*), where such withholding or deduction is required pursuant to Italian Law Decree No. 512 of 30 September 1983, converted

with amendments by Law No. 649 of 25 November 1983, as subsequently amended and/or supplemented; or

- (h) where such withholding or deduction is required pursuant to Sections 1471 through 1474 of the Code, any laws, regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto.

As used herein:

- (i) **Tax Jurisdiction** means the Republic of Italy and/or such other taxing jurisdiction to which the Issuer becomes subject or any political subdivision or any authority thereof or therein having power to tax; and
- (ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

## 9. Prescription

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of ten years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefore.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6.2 or any Talon which would be void pursuant to Condition 6.2.

## 10. Events of Default

### 10.1. Events of Default

If any one or more of the following events (each an **Event of Default**) shall occur and be continuing:

- (a) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of seven days in the case of principal and 14 days in the case of interest; or
- (b) if the Issuer fails to perform or observe any of its other obligations under the Conditions and (except in any case where the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days next following the service by a Noteholder on the Issuer of a written notice requiring the same to be remedied; or
- (c) if either (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer or any of its Material Subsidiaries becomes capable of being declared due and repayable prematurely by reason of an event of default (however described), or (ii) the Issuer or any of its Material Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment (as extended by any originally applicable grace period), or (iii) any security given by the Issuer or any of its Material Subsidiaries becomes enforceable and steps are taken to enforce the same, or (iv) default is made by the Issuer or any of its Material Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed

Money of any other person (as extended by any originally applicable grace period), provided that an Event of Default shall not occur pursuant to any of subparagraphs (i), (ii), (iii) and (iv):

- (A) if and for so long as the Issuer or the relevant Material Subsidiary, as the case may be, is contesting in good faith in a competent court in a recognised jurisdiction that the relevant Indebtedness for Borrowed Money or such security, guarantee or indemnity shall be due and enforceable, as appropriate; or
- (B) unless the aggregate Indebtedness for Borrowed Money relating to all such events which shall have occurred and be continuing shall exceed €50,000,000; or
- (d) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer or any of its Material Subsidiaries, save for the purposes of (i) a Permitted Reorganisation (as defined in Condition 10.2 below) or (ii) a reorganisation on terms previously approved by an Extraordinary Resolution; or
- (e) if the Issuer or any of its Material Subsidiaries ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of (i) a Permitted Reorganisation (as defined in Condition 10.2 below) or (ii) a reorganisation on terms previously approved by an Extraordinary Resolution, provided that, for the purposes of this paragraph (e), a **substantial part** of an entity's business shall mean a part of the relevant entity's business which accounts for 20 per cent. or more of the Group's consolidated assets and/or revenues as evidenced by its most recently available and duly approved audited consolidated financial statements; or
- (f) if (A) proceedings are initiated against the Issuer or any of its Material Subsidiaries under any applicable liquidation (*liquidazione coatta*), insolvency (*fallimento*), composition (*concordato preventivo*), reorganisation (*amministrazione straordinaria*) or other similar laws, or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver (*curatore*), manager, administrator (*commissario straordinario o liquidatore*) or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Material Subsidiaries or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or a substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or a substantial part of the undertaking or assets of any of them and (B) in any case (other than the appointment of an administrator) is not discharged within 60 days, provided that, for the purposes of this paragraph (f), a **substantial part** of an entity's business shall mean a part of the relevant entity's business which accounts for 20 per cent. or more of the Group's consolidated assets and/or revenues as evidenced by its most recently available and duly approved audited consolidated financial statements; or
- (g) if the Issuer or any of its Material Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due, or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent, or initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation (save for, in the case of liquidation only, the purposes of a Permitted Reorganisation (as defined in Condition 10.2 below)) or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors),

then any holder of a Note may, by written notice to the Issuer at the specified office of the Agent, effective upon the date of receipt thereof by the Agent, declare any Note held by it to be forthwith due and payable whereupon the same shall become forthwith due and payable at its Early Redemption Amount,

together with accrued interest (if any) to the date of repayment, without presentment, demand, protest or other notice of any kind.

## **10.2. Definitions**

For the purposes of the Conditions:

**Indebtedness for Borrowed Money** means any indebtedness (whether being principal, premium, interest or other amounts) for or in respect of any money borrowed or raised;

**Material Subsidiary** means at any time a Subsidiary of the Issuer:

- (a) whose net revenues or net assets (in each case, consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, are equal to) not less than 10 per cent. of the consolidated net revenues of the Issuer, or, as the case may be, consolidated net assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries, provided that in the case of a Subsidiary of the Issuer acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, the reference to the then latest audited consolidated accounts of the Issuer and its Subsidiaries for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Issuer; or
- (b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Material Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Material Subsidiary and the transferee Subsidiary shall, upon such transfer, become a Material Subsidiary in each case pursuant to this Condition 10.2(b); provided further that the provisions of paragraph (a) above shall apply, commencing on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period in which such transfer has occurred have been prepared and audited as described in paragraph (a) above, to determine whether such Subsidiaries become or remain Material Subsidiaries.

A report by two Directors of the Issuer that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary shall, in the absence of manifest or proven error, be conclusive and binding on all parties;

**Permitted Reorganisation** means:

- (a) in respect of the Issuer, any reorganisation, amalgamation, merger, demerger, consolidation, contribution in kind, restructuring or reconstruction whilst solvent or other similar arrangements (including, without limitation, leasing of the assets or going concern) of the Issuer which is part of a related sequence of events whereby, during or upon completion of the sequence, all or substantially all of the assets and liabilities of the Issuer, including the rights and obligations of the Issuer under or in respect of the Notes, the Agency Agreement and the Deed of Covenant, will be assumed in accordance with applicable law by a Person which, immediately after such assumption, is a member of the group consisting of the Issuer and its consolidated Subsidiaries; or
- (b) in respect of any Material Subsidiary, any reorganisation amalgamation, merger, demerger, consolidation, contribution in kind, restructuring or reconstruction whilst solvent or other similar

arrangements (including, without limitation, leasing of the assets or going concern) of the relevant Material Subsidiary under which all or substantially all of its assets and liabilities are transferred, sold, contributed, assigned or otherwise vested in the Issuer or any of its other Subsidiaries in accordance with applicable law,

which, in any such case, does not result in a Ratings Downgrade;

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

**Rating Agencies** means Moody's Deutschland GmbH (**Moody's**) and Fitch Ratings Ireland Limited (**Fitch**), or any of their successors, and/or such other rating agency which at the time of the Permitted Reorganisation, has issued a rating on the Notes;

A **Ratings Downgrade** will be deemed to have occurred if, immediately prior to a Reorganisation Period, the Notes carry:

- (a) an investment grade credit rating (BBB-/Baa3/BBB-, or equivalent, or better) from any relevant Rating Agency and such rating is, during the Reorganisation Period, either downgraded to a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse) or withdrawn and such rating is not, within the Reorganisation Period, subsequently (in the case of a downgrade) upgraded to an investment grade credit rating by the relevant Rating Agency or (in the case of a withdrawal) replaced by an investment grade credit rating from any other Rating Agency; or
- (b) a non-investment grade credit rating (BB+/Ba1/BB+, or equivalent, or worse) from any relevant Rating Agency and such rating is, during the Reorganisation Period, either downgraded by one or more notches (for illustration, Ba1 to Ba2 being one notch) or withdrawn and such rating is not, within the Reorganisation Period, subsequently (in the case of a downgrade) upgraded by such Rating Agency to a credit rating that is equivalent or better to the credit rating that was applicable immediately prior to the Reorganisation Period or (in the case of a withdrawal) replaced by a credit rating from any other Rating Agency that is equivalent to or better than the credit rating that was applicable immediately prior to the Reorganisation Period; or
- (c) no credit rating and no Rating Agency assigns to the Notes within 60 days of the end of the Reorganisation Period a credit rating that is equivalent to or better than the Issuer's credit rating from any one or more Rating Agencies immediately prior to the Reorganisation Period;

**Reorganisation Period** shall mean the period from the date of the first public announcement of an agreement, arrangement or proposal that could result in any event or transaction described in paragraphs (a) and (b) of the definition of Permitted Reorganisation until the end of a 60-day period following public notice

of the completion of the relevant transaction (or such longer period as the rating of the Notes is under publicly announced consideration for rating review); and

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

- (a) if a majority of votes in ordinary shareholders' meetings of the second Person is held by the first Person; or
- (b) in which the first Person holds a sufficient number of votes to give it a dominant influence in ordinary shareholders' meetings of the second Person; or
- (c) which is under the dominant influence of the first Person by virtue of certain contractual relationships between the first Person and the second Person,

pursuant to the provisions of Article 2359 of the Italian Civil Code.

## **11. Replacement of Notes Coupons and Talons**

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

## **12. Paying Agents**

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

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

- (a) there will at all times be an Agent;
- (b) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer is incorporated,

so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority. In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.4. Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders in accordance with Condition 14.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or



with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

### **13. Exchange of Talons**

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

### **14. Notices**

All notices regarding the Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London or, if and for so long as the Notes are admitted to trading on, and listed on the Official List of the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg and/or the Luxembourg Stock Exchange's website, [www.bourse.lu](http://www.bourse.lu). It is expected that any such publication in a newspaper will be made in the Financial Times in London or, as applicable the Luxemburger Wort or the Tageblatt in Luxembourg. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Notes are for the time being listed or by which they have been admitted to trading including publication on the website of the relevant stock exchange or relevant authority if required by those rules. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers.

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

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

### **15. Meetings of Noteholders**

#### **15.1. Meetings of Noteholders**

The Agency Agreement contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution (as defined in the Agency Agreement) of the Notes, the Coupons, any of these Conditions or any of the provisions of the Agency Agreement.

In relation to the convening of meetings, quorums and the majorities required to pass an Extraordinary Resolution (as defined in the Agency Agreement), the following provisions shall apply in respect of the Notes but are subject to compliance with mandatory laws, legislation, rules and regulations of Italy (including, without limitation, Legislative Decree No. 58 of 24 February 1998 as amended) and the by-laws

of the Issuer in force from time to time and shall be deemed to be amended, replaced and supplemented to the extent that such laws, legislation, rules and regulations and the by-laws of the Issuer are amended at any time while the Notes remain outstanding. Italian law currently provides that any such meeting may be convened by the Issuer or the Noteholders' Representative (as defined below) at their discretion and, in any event, shall be convened by either of them upon the request of Noteholders holding not less than one-twentieth of the aggregate principal amount of the Notes of any Series for the time being outstanding. If the Issuer or the Noteholders' Representative defaults in convening such a meeting following such request or requisition by the Noteholders representing not less than one-twentieth of aggregate principal amount of the Notes of any Series for the time being outstanding, the same may be convened by decision of the competent Court upon request by such Noteholders. Every such meeting shall be held at such time and place as provided pursuant to Article 2363 of the Italian Civil Code.

Such a meeting will be validly held (subject to compliance with mandatory laws, legislation, rules and regulations of Italy in force from time to time) if (i) in the case of a sole call meeting, there are one or more persons present being or representing Noteholders holding at least one-fifth of the principal amount of the outstanding Notes, or (ii) in the case of multiple call meetings, (a) in the case of a first meeting, there are one or more persons present being or representing Noteholders holding at least one-half of the aggregate principal amount of the outstanding Notes, (b) in the case of a second meeting, there are one or more persons present being or representing Noteholders holding more than one-third of the aggregate principal amount of the outstanding Notes and (c) in the case of a third meeting or any subsequent meeting following a further adjournment, there are one or more persons present being or representing Noteholders holding at least one-fifth of the aggregate principal amount of the outstanding Notes, provided however that the Issuer's by-laws may in each case (to the extent permitted under the applicable Italian law) provide for a higher quorum. For the avoidance of doubt, each meeting will be held as a sole call meeting or as a multiple call meeting depending on the applicable provisions of Italian law and the Issuer's by-laws as applicable from time to time. The majority required to pass a resolution at any meeting convened to vote on any resolution will be one or more persons holding or representing at least two-thirds of the aggregate principal amount of the Notes represented at the meeting; provided, however, that (A) certain proposals, as set out in Article 2415 of the Italian Civil Code (including any proposal to modify the maturity of the Notes or the dates on which interest is payable on them; to reduce or cancel the principal amount of, or interest on, the Notes; or to change the currency of payment of the Notes) may only be sanctioned by a resolution passed at a meeting of Noteholders (including any adjourned meeting) by the higher of (i) one or more persons holding or representing not less than one-half of the aggregate principal amount of the outstanding Notes, and (ii) one or more persons holding or representing not less than two thirds of the Notes represented at the meeting, provided that a different majority (higher or lower depending on the circumstances and the amount of Notes represented at the meeting) may be required pursuant to Article 2369 paragraph 7, of the Italian Civil Code and (B) the Issuer's by-laws may in each case (to the extent permitted under applicable Italian law) provide for higher majorities. An Extraordinary Resolution (as defined in the Agency Agreement) passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders.

## **15.2. *Noteholder's Representative***

A joint representative of the Noteholders (*rappresentante comune*) (the **Noteholders' Representative**), subject to applicable provisions of Italian law, will be appointed pursuant to Article 2417 of the Italian Civil Code in order to represent the Noteholders' interests under these Conditions and to give effect to resolutions passed at a meeting of the Noteholders. If the Noteholders' Representative is not appointed by a meeting of such Noteholders, the Noteholders' Representative shall be appointed by a decree of the competent Court where the Issuer has its registered office at the request of one or more Noteholders or at the

request of the directors of the Issuer. The Noteholders' Representative shall remain appointed for a maximum period of three years but may be reappointed again thereafter.

## **16. Further Issues**

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

## **17. Substitution**

The Issuer may, at any time, without the consent of the Noteholders or the Couponholders, substitute for itself as principal debtor under the Notes and the Coupons, Unipol Banca S.p.A. or UnipolSai Assicurazioni S.p.A. (each a **Substituted Debtor**) as Issuer (the **Substitution**), subject to the following:

- (a) immediately prior to the Substitution, no payment in respect of the Notes and the Coupons being overdue and no other Event of Default having occurred and being continuing in respect of the Notes and the Coupons;
- (b) the execution by the Substituted Debtor and, where applicable, by the other parties to the Agency Agreement and the Deed of Covenant, of a deed poll and such other documents (if any) as may be necessary to give full effect to the Substitution (together, the **Documents**) and (without limiting the generality of the foregoing) pursuant to which the Substituted Debtor shall undertake in favour of each Noteholder and Couponholder to be bound by these Conditions, the Deed of Covenant and the Agency Agreement as fully as if the Substituted Debtor had been named in the Notes, the Deed of Covenant and the Agency Agreement as the principal debtor in respect of the Notes in place of the Issuer;
- (c) the execution by the Issuer of a deed of guarantee (the **Guarantee**), substantially in the form attached to the Agency Agreement, in favour of the Noteholders and Couponholders in respect of all the obligations of the Substituted Debtor under the Notes and the Coupons;
- (d) the agreement by the Substituted Debtor in the Documents to indemnify each Noteholder and Couponholder against:
  - (i) any tax, duty, assessment or governmental charge which is imposed on such Noteholder and Couponholder by (or by any authority in or of) in the Republic of Italy with respect to

any Note or Coupon and which would not have been so imposed had the Substitution not been made; and

- (ii) any tax, duty, assessment or governmental charge, and any cost or expense payable in connection with the Substitution;
- (e) the Documents containing a representation and warranty by each of the Issuer and the Substituted Debtor that:
  - (i) it is validly incorporated and in good standing under the laws of its jurisdiction of incorporation;
  - (ii) it has obtained all necessary governmental and regulatory approvals and consents for the Substitution and for the performance of its obligations under the Documents and that all such approvals and consents are in full force and effect;
  - (iii) all other actions, conditions and things required to be taken, fulfilled and done to ensure that the Documents, the Notes and the Coupons (and, in the case of the Issuer, the Guarantee) and the obligations assumed by it thereunder represent legal, valid and binding obligations of the Substituted Debtor or the Issuer, as the case may be, enforceable by each Noteholder and Couponholder in accordance with their respective terms and subject to applicable bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally, have been taken, fulfilled and done and are in full force and effect; and
  - (iv) the Noteholders and Couponholders will not become subject to any tax, duty, assessment, governmental charge or other adverse tax consequences as a result of the Substitution, except as may be subject to the indemnity provided for in Condition 17(d) above;
- (f) the delivery of legal opinion(s) addressed to the Agent, to be made available upon request to the Noteholders and Couponholders, from a lawyer or firm(s) of lawyers with a leading securities practice in the Republic of Italy, confirming that (i) the conditions contained in Conditions 17(b), 17(c), 17(d) and 17(e) above have been fulfilled and (ii) the Documents and the Guarantee, where applicable, constitute legal, valid, binding and enforceable obligations of each of the Issuer and the Substituted Debtor and that each of the Issuer and the Substituted Debtor has the power to enter into and perform the obligations to be assumed by it pursuant to the Documents and the Guarantee, to the extent applicable to it;
- (g) confirmation from the relevant stock exchange (if any) that, following the proposed Substitution, the Notes will continue to be listed on such stock exchange;
- (h) the giving by the Issuer of at least 14 days' prior notice of the Substitution to the Noteholders, in accordance with Condition 14, stating that "copies, or, pending execution, the agreed text, of all documents in relation to the Substitution which are referred to above, or which might otherwise reasonably be regarded as material to Noteholders, will be available for inspection at the specified office of each of the Paying Agents";
- (i) written confirmation from Moody's that, after giving effect to the Substitution, (i) the Notes shall continue to be rated the same as immediately prior to the Substitution or (ii) in the case of Notes which have not been assigned a credit rating, the relevant Substituted Debtor or the Notes will be assigned at least the same credit rating as the credit rating of the Issuer immediately prior to whichever is the earlier of (I) the Substitution, (II) the first public announcement of the Substitution

or (III) the first public announcement of any proposal, agreement or arrangement that resulted, directly or indirectly, in the Substitution; and

- (j) the delivery to the Agent of a certificate of solvency of the Substituted Debtor addressed to the Noteholders and signed by two directors of the Substituted Debtor.

By subscribing to, or otherwise acquiring the Notes, the Noteholders expressly consent to the substitution of the Issuer in accordance with the provisions of this Condition 17 and to the release of the Issuer from any and all obligations in respect of the Notes and any relevant agreements and are expressly deemed to have accepted such substitution and the consequences thereof.

## **18. Contracts (Rights of Third Parties) Act 1999**

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

## **Governing Law and Submission to Jurisdiction**

### **18.1. Governing law**

The Agency Agreement, the Deed of Covenant, the Notes, the Coupons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law. Condition 15 and the provisions of the Agency Agreement concerning the meetings of Noteholders and the appointment of a Noteholders' Representative in respect of any Series of Notes are subject to compliance with the laws of the Republic of Italy.

### **18.2. Submission to jurisdiction**

- (a) Subject to Condition 19.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Notes and/or the Coupons (a **Dispute**) and accordingly each of the Issuer and any Noteholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purposes of this Condition 18.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction, and (ii) concurrent proceedings in any number of jurisdictions.

### **18.3. Appointment of Process Agent**

The Issuer irrevocably appoints Law Debenture Corporate Services Limited at its registered office at Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent for service of process in any proceedings before the English courts in relation to any Dispute, and agrees that in the event of Law Debenture Corporate Services Limited being unable or unwilling for any reason so to act, it will immediately appoint another person as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

## USE OF PROCEEDS

An amount equal to the net proceeds from each issue of Notes will be applied by the Issuer, either:

- (a) for general funding purposes which include making a profit and/or to refinance existing indebtedness; or
- (b) to finance or refinance, in whole or in part, Green Eligible Projects, Social Eligible Projects and/or Sustainability Eligible Projects (as defined below).

According to the definition criteria set out by the Green Bond Principles, as published by the International Capital Market Association ("**ICMA**"), only Tranches of Notes financing or refinancing Green Eligible Projects (above mentioned at (b)) will be denominated "Green Bonds".

According to the definition criteria set out by the Social Bond Principles (as also published by ICMA), only Tranches of Notes financing or refinancing Social Eligible Projects (above mentioned at (b)) will be denominated "Social Bonds".

According to the definition criteria set out by the Sustainability Bond Guidelines (as also published by ICMA), only Tranches of Notes financing or refinancing Sustainability Eligible Projects (above mentioned at (b)) will be denominated "Sustainability Bonds".

**"Green Eligible Projects", "Social Eligible Projects" and "Sustainability Eligible Projects"** have the meaning ascribed to them in the issuer's Green Bond Framework, as amended from time to time.

## DESCRIPTION OF THE ISSUER

### OVERVIEW

Unipol Gruppo S.p.A. (**UG** or the **Issuer**), formerly named Unipol Gruppo Finanziario S.p.A., is a joint stock company limited by shares (*società per azioni*) incorporated under Italian law. The Issuer's registered office and principal place of business is located in Via Stalingrado 45, 40128 Bologna, Italy, fiscal code and registered with the register of companies of Bologna under number 00284160371 VAT Number 03740811207. UG may be contacted by telephone on +39 051 507 6111 and by fax on +39 051 507 6666.

The website of the Issuer is <https://www.unipol.it/>. The information on the website does not form part of the Base Prospectus unless that information is incorporated by reference into the Base Prospectus.

UG is the parent company of the group consisting of UG and its subsidiaries (collectively the **Group** or the **UG Group**) and has been operating since 1 September 2007. The current UG emerged from the reorganisation process carried out by Former UG (as defined below) at the end of 2006, which resulted in the separation of holding company functions from commercial and operating activities carried out by other companies forming part of the UG Group. The Group is composed of companies that provide a wide range of services, principally in the insurance sector.

The UG Group is one of the biggest insurance group in Europe<sup>4</sup> and the largest operating in Italy<sup>5</sup> on a premium basis in the non-life insurance business offering a full range of insurance and financial products.

UG Group is one of the main insurance groups in Europe, with total premiums of Euro 14,298 million, of which Euro 8,453 million in non-life and Euro 5,847 million in life, of which Euro 393 million related to investment products. For the six month period ended 30 June 2020, the consolidated (non-life and life) total insurance premium income amounted to Euro 6,100 million, of which Euro 2,173 million were attributable to the life insurance business and Euro 3,927 million to the non-life insurance business.

UG adopts an integrated offer strategy and covers the entire range of insurance and financial products, operating primarily through its subsidiary UnipolSai Assicurazioni S.p.A. ("**UnipolSai**"), founded at the start of 2014 and the market leader in Italy in the non-life business, particularly MV TPL. The Group is also active in direct MV insurance (Linear Assicurazioni), transport and aviation insurance (SIAT), health insurance (UniSalute) and supplementary pension schemes, and maintains a presence in the bancassurance channel. Lastly, it also operates in the real estate sector and, to a lesser extent, in hotel management, medical clinics, agricultural activities, long term rentals. As set forth in the Strategic Plan (as defined below), the Group intends to evolve from leader in Non Life Insurance business to leader in mobility, welfare and property ecosystems.

Pursuant to its by-laws, UG's term of incorporation remain in force until 30 June 2100, subject to any extension. The corporate purpose of UG, as provided by Article 4 of its by-laws, is to: (a) acquire, privately, holdings in undertakings operating in the insurance, credit and financial sectors; in this context and likewise privately, UG may also (i) coordinate the technical, administrative and financial work of the undertakings in which it holds interests, (ii) grant corporate financing, (iii) act as an exchange rate broker and agent and (iv) receive, pay and transfer funds and debit and credit the relative charges and interest; (b) provide services of an administrative, logistical, financial and actuarial nature and provide administrative technical support to the undertakings in which it holds interests; and (c) in order to achieve its purpose, carry out any transactions in securities and property and any other activity deemed necessary or useful, contract loans and enter into any other type of debt and/or financial lease and grant liens on property, personal security, pledges, special liens and retentions of title, including free of charge both on its own behalf and in favour of third parties, including non-shareholders.

According to its by-laws, UG may not engage in the following activities (i) providing surety in favour of third parties, on behalf of the company itself or of participating interests, unless this activity is residual and is strictly instrumental

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<sup>4</sup> Such statement is based on the Issuer's own estimation.

<sup>5</sup> Source ANIA report entitled "*Premi del lavoro diretto Italiano 2019, Edizione 2020*"

in achieving the company's aims and objectives, (ii) carrying out the activities referred to in Article 106 of the Italian Legislative Decree No. 385 of 1 September 1993, as amended (the **Italian Banking Act**) vis-à-vis the public.

Moreover, the company may not engage in receiving savings income from the public and the provision of investment services in accordance with the Italian Banking Act and Legislative Decree No. 58 of 24 February 1998 (the **Financial Services Act**).

As at the date of this Base Prospectus, UG's share capital is equal to Euro 3,365,292,408.03, divided into 717,473,508 ordinary shares in registered form with no express nominal value. There are no preference shares.

The ordinary shares of UG have been listed on the *Mercato Telematico Azionario*, the screen-based market of the Italian Stock Exchange, since 1990.

As at the date of this Base Prospectus, UG has been rated "BBB-" (stable outlook) by Fitch Ratings Ireland Limited (**Fitch**) and "Ba2" (stable outlook) by Moody's Deutschland GmbH (**Moody's**).

## HISTORY

### *The establishment and the expansion of the business*

Compagnia Assicuratrice UNIPOL Soc. per az. (the **Former UG**) – the current Issuer under the Programme – was established on 25 January 1961 and in 1962 it was purchased by a number of co-operatives belonging to the *Bologna Lega delle Cooperative* (the **League of Cooperatives**) in order to bring all of their insurance portfolios under a single company. In 1963 the Former UG began operating in the non-life insurance sector and, from 1969, in the life insurance sector. Over the course of the following years, the Former UG underwent a long period of growth and consolidation, first as a single multi-branch company, and later as a parent company to an insurance and banking group.

A corporate diversification and expansion process began with the establishment of a number of businesses specialising in different branches or products and by the acquisition of other Italian companies operating in the insurance and banking sectors. Based on the core values of innovation and synergic growth, a network of multi branch, specialised or bancassurance companies was established. In particular, in 1995 UniSalute S.p.A. (**UniSalute**), a company specialising in the healthcare insurance sector, was established whilst in 1996 Compagnia Assicuratrice Linear S.p.A. (Linear), a company specialised in selling car insurance over the telephone, was established. In 1998, the Former UG acquired BANECA S.p.A., later renamed Unipol Banca S.p.A. (**Unipol Banca**). Such acquisition allowed the Former UG to enter into the banking sector. In those years, the Former UG continued to purchase holdings in other insurance companies including, *inter alia*, Aurora Assicurazioni S.p.A. and Navale Assicurazioni S.p.A. In the year 2000, the Former UG consolidated its position by becoming the fourth largest group in the insurance market and entered into an agreement providing for the acquisition of Meie Assicurazioni S.p.A..

In 2001, the merger by way of incorporation of Aurora Assicurazioni into Meie Assicurazioni S.p.A. was successfully implemented. As a result, a new company named MEIE Aurora S.p.A. was established.

The period between 2001 and 2003 was characterised by a number of transactions. In particular, the Former UG acquired the Winterthur Italia group, which was subsequently incorporated, together with MEIE Aurora S.p.A., into the new Aurora Assicurazioni S.p.A.

### *The first corporate reorganisation*

In 2007, the Former UG carried out a corporate reorganisation in order to separate the activities of the holding company from those of the individual operating companies and to promote further economies of scale, expertise and integration between its various business segments.

On 1 September 2007, the initial phase of the corporate reorganisation was completed, resulting in (i) the creation of Unipol Gruppo Finanziario S.p.A. (currently UG) in its present form; and (ii) the establishment of two new insurance



companies, namely Nuova Unipol Assicurazioni S.p.A., subsequently renamed Unipol Assicurazioni S.p.A. and Nuova Aurora Assicurazioni S.p.A., subsequently renamed Aurora Assicurazioni S.p.A. (**Aurora Assicurazioni**).

On 1 February 2009, the second phase of the UG Group's reorganisation was completed. In this phase, the merger by way of incorporation of Aurora Assicurazioni into Unipol Assicurazioni S.p.A. and the consequential creation of a single large insurance company, which took the name of UGF Assicurazioni S.p.A. (**UGF Assicurazioni**), was successfully implemented. UGF Assicurazioni was then renamed Unipol Assicurazioni S.p.A. (**Unipol Assicurazioni**).

### ***The acquisition of Premafin-Fondiar SAI Group***

In 2012, UG (at that time Unipol Gruppo Finanziario S.p.A.) commenced an integration process with Premafin Finanziaria S.p.A. – Holding di Partecipazioni (**Premafin**) and its subsidiaries (collectively, the **Premafin-Fondiar SAI Group**), one of the major Italian insurance operators. At the beginning of 2012, UG and Premafin entered into a plan for integration of Premafin-Fondiar SAI Group into UG which provided for, *inter alia*, the acquisition by UG of a controlling stake in Premafin, and the subsequent merger by incorporation of Unipol Assicurazioni, Milano Assicurazioni S.p.A. (**Milano Assicurazioni**) and Premafin into Fondiar-SAI S.p.A. (**Fondiar-SAI**, and, together with Unipol Assicurazioni, Premafin and Milano Assicurazioni, the **Companies Participating in the Merger**). The merger of the Companies Participating in the Merger became effective on 6 January 2014 (the **Merger**). Fondiar-SAI, the company resulting from Merger, was renamed UnipolSai Assicurazioni S.p.A. (**UnipolSai**).

The acquisition by UG of control over the Premafin-Fondiar SAI Group and the subsequent Merger were part of a larger and more complex transaction, which ultimately led to the creation of a primary insurance operator in the Italian market, by allowing the UG Group to grow and expand its business activities, particularly in the non-life insurance business segment.

### ***The company resulting from the merger of the insurance companies: UnipolSai***

As specified above, the Merger became effective on 6 January 2014 and on such date the shares of the Companies Participating in the Merger were entirely cancelled and exchanged for UnipolSai's shares.

The exchange of shares of the Companies Participating in the Merger with UnipolSai's shares was made:

- (i) in part, by distributing all Fondiar-SAI's shares which, prior to the Merger, were held, by the Companies Participating in the Merger, to the shareholders of the Companies Participating in the Merger; and
- (ii) for the remainder, through the issuance of new shares assigned to the shareholders of the Companies Participating in the Merger.

Given the above, UnipolSai resolved upon a share capital increase of Euro 782,960,791.85 in the context of which 1,330,340,830 ordinary shares and 55,430,483 class "B" savings shares were issued and assigned to the shareholders of Unipol Assicurazioni, Premafin and Milano Assicurazioni.

The shares of UnipolSai have been traded on the Mercato Telematico Azionario since 6 January 2014.

### ***UG becomes a banking parent company***

With effect from 16 April 2014, following the entry into force of Italian Legislative Decree No. 53 of 4 March 2014 (implementing *Directive 2011/89/EU of the European Parliament and of the Council of 16 November 2011 amending Directives 98/78/EC, 2002/87/EC, 2006/48/EC and 2009/138/EC as regards the supplementary supervision of financial entities in a financial conglomerate*), UG became a banking parent company. Therefore, with effect from such date, the banking group controlled by Unipol Banca S.p.A. (**Unipol Banca**), as well as the banking group controlled by Banca Sai S.p.A. (**BancaSai**) were removed from the register of banking groups held by the Bank of Italy pursuant to Article 64 of the Italian Banking Act and replaced by the banking group controlled by UG (the **Unipol Banking Group**).

On 25 September 2014, the Bank of Italy authorised the merger by way of incorporation of BancaSai into Unipol Banca. Such merger became effective as at 3 November 2014.

### ***Change of the Issuer's name and reorganisation of the Group's insurance and banking sectors***

On 28 April 2017, the extraordinary shareholders' meeting of the Issuer approved the change of the Issuer's name from Unipol Gruppo Finanziario S.p.A. to Unipol Gruppo S.p.A.

On 29 June 2017, the Board of Directors of UG approved a project for the reorganisation of the insurance sector of the UG Group (the **Insurance Project**) that envisages the disposal to UnipolSai of:

- (a) UG's holding in Unisalute, equal to 98.53 per cent of the share capital, for consideration of Euro 715 million; and
- (b) UG's holding in Linear, equal to 100 per cent of the share capital, for consideration of Euro 160 million (collectively, the **Disposals**).

As part of the Insurance Project, upon satisfaction of the relevant conditions and prerequisites, also UG's controlling interest in Arca Vita, equal to 63.39% of the share capital, could be transferred to UnipolSai.

The Insurance Project was meant to aggregate the entire insurance business of the UG Group under the control of UnipolSai, with expected benefits in terms of consistency and effectiveness in policy governance and in the organisational and operational coordination of the overall insurance activity. In particular, the Insurance Project should have allowed the Group to foster the implementation of an integrated multichannel-offering model, designed to take into account the ever-changing evolution of consumers' behaviour and needs whilst maintaining the identity and corporate autonomy of the companies involved.

The Insurance Project was also approved by UnipolSai on the same date.

Upon obtaining clearances from IVASS on 9 November 2017, as the Insurance Project does not entail any ownership change, the Disposals were completed during 2017.

Furthermore, on 7 August 2018, since the relevant condition and prerequisites were met as commented hereafter in paragraph "Strategic bancassurance partnership in life and non-life sectors with BPER Banca Group and Banca Popolare di Sondrio extended up to 2022" and having previously obtained clearance from IVASS, UG finalized the sale to its subsidiary UnipolSai of the controlling interest amounting to 63.39%, held by UG itself in the share capital of Arca Vita, which, in turn, controlled Arca Vita International DAC e Arca Assicurazioni S.p.A. among others.

### ***Reorganisation plan of the banking sector***

On 29 June 2017, the Board of Directors of UG, in its capacity as parent company of Unipol Banking Group, approved the guidelines for a restructuring plan of the banking business of the UG Group (the **Banking Sector Reorganisation Plan**).

The Banking Sector Reorganisation Plan envisages the transfer, by means of proportional partial demerger of Unipol Banca in favour of a newly established company (**NewCo**), named UnipolReC S.p.A. (**UnipolReC**), of a company complex (the **Company Complex**) inclusive, *inter alia*, of a portfolio of the doubtful loans of Unipol Banca (the **Doubtful Loans**), gross of valuation reserves, for an amount of approximately Euro 3 billion after (i) the adjustment of their value in accordance with the conditions currently prevailing in the market for disposal transactions, and (ii) the strengthening of the average rate of coverage of loans classified as "unlikely to pay" and those classified as "past due", which will remain within Unipol Banca, to the best levels of the banking industry. Such Doubtful Loans corresponded to the entire portfolio of doubtful loans of the Bank at the date of approval of the half-yearly report at 30 June 2017, with the exclusion of the loans for leasing and loan guarantees.

Following the partial proportional demerger of Unipol Banca assets to UnipolReC, effective as of 1 February 2018, the put option relating to 27.49% of the share capital of Unipol Banca was proportionally and automatically extended to UnipolReC.

The Boards of Directors of UnipolSai and Unipol Banca, on 27 and 28 July 2017, respectively, examined and approved the Banking Sector Reorganisation Plan.

***Strategic bancassurance partnership in life and non-life sectors with BPER Banca Group and Banca Popolare di Sondrio extended up to 2022***

On 8 November 2017, UG, BPER Banca S.p.A. and Banca Popolare di Sondrio S.c.p.A. renewed in advance their strategic bancassurance partnership in the life and non-life sectors, which started in 2009 and was set to expire on 31 December 2019.

Such renewal aimed to consolidate and develop the bancassurance activities carried out by the Unipol Group through Arca Vita and Arca Vita International (operating in the life sector), as well as Arca Assicurazioni (operating in the non-life sector), in order to expand and innovate the supply of insurance by the partner banks, thanks also to the contribution of Unipol Group's technical and insurance expertise experts.

The agreements will have a five-year tenor, effective from 1 January 2018, and will be further renewable by agreement between the parties.

As a result of entering into such agreements, Arca has strengthened its role as the benchmark bancassurance platform for the Unipol Group, with a distribution network of around 3,000 banking branches.

On 22 April 2020 a distribution agreement between the BPER Group and UnipolSai was finalised, introducing a new model called "Assurbanca". The agreement identifies two specific macro-solutions:

- Assurbanca: UnipolSai agencies will be able to promote BPER Group banking products to their customers, both private individuals and firms (up to 10 million in turnover);
- Bancassurance: BPER Group branches be able to promote UnipolSai insurance products to their customers in the corporate segment, in addition to the Arca Assicurazioni catalogue.

***Exercise by UnipolSai of the put option on Unipol Banca and UnipolReC and agreement about the granting of a loan by UnipolSai***

On 7 February 2019, the Board of Directors of UnipolSai resolved to exercise the put option relating to 27.49% of the share capital of Unipol Banca and UnipolReC S.p.A. ("**UnipolReC**"), held by the holding company UG by virtue of the option contract signed on 31 December 2013 between UG and the former Fondiaria-SAI. This operation is part of the transaction involving the sale of Unipol Banca to BPER, as better specified further on.

On 14 February 2019, UnipolSai notified UG of its exercise of the option right; the transfer of the shares was completed on 1 March 2019 against payment by UG of a total consideration of Euro 579.1 million, calculated on the basis of the option contract. Based on the outcome of the put option, the direct investment held by UG in Unipol Banca and in UnipolReC stood at 85.24% of the respective share capital. UnipolSai has maintained ownership of the remaining shares of these companies (14.76% of the respective share capital).

In addition, as part of the exercise of the aforementioned put option, UnipolSai's Board of Directors resolved to grant a 5-year loan of Euro 300 million to Unipol, also repayable early, at an interest rate of the 3-month Euribor plus a spread of 260 basis points. For UG, the aforementioned loan is aimed at maintaining a high level of financial flexibility with an important available liquidity buffer. The loan was disbursed on 1 March 2019.

As disclosed to the market on 8 February 2019, the exercise of the put option by UnipolSai stood, among other things, within the framework of the plan to finalize the process of restructuring of Unipol Group banking business strategy launched by UG and UnipolSai as follows.

### ***Sale of Unipol Banca to BPER Banca and acquisition of NPL portfolios***

On 31 July 2019 - with all conditions precedent set forth in the contract being met and, in particular, with the necessary authorisations having been received from the competent supervisory authorities - the extraordinary transaction relating to the Group's banking sector, in execution of the agreements entered into on 7 February 2019 between UG and UnipolSai, on one hand, and BPER Banca S.p.A. ("**BPER**"), along with the subsidiary Banco di Sardegna SpA ("**Banco di Sardegna**") on the other hand, was completed within a single context. In particular:

- UG and UnipolSai sold their holdings to BPER representing the entire share capital of Unipol Banca (which in turn controlled Finitalia S.p.A.), respectively 85.24% and 14.76% of the capital, at the total price of Euro 220 million, divided pro rata between the two sellers as approximately Euro 187.5 million and Euro 32.5 million, respectively;
- UnipolReC in turn acquired en bloc, pursuant to article 58 of the Italian Banking Act, with the prior registration of the same UnipolRec with the single register of financial intermediaries pursuant to Article 106 of the Consolidated Banking Act, two separate non-performing loan portfolios, one owned by BPER and the other by Banco di Sardegna (the "**Portfolios**"), for a gross carrying amount of around Euro 1.2 billion, against a final price of Euro 102 million which takes into account the effects of credit management activities from the assessment reference date up to 31 July 2019.

With this transaction, the Group completed the process of restructuring of its banking business strategy, by pulling out of the direct management of a medium sized bank and taking on the role of significant investor in one of the leading Italian banking groups. It also increased the scale of operations of UnipolReC enhancing its expertise in credit recovery. Following the disposal of its holding in Unipol Banca, Unipol Gruppo ceased its role as a banking parent company.

On 25 September 2019, following the authorisation granted by the competent supervisory authority, BPER filed and entered in the Modena Register of Companies the project for the merger of Unipol Banca into BPER. The deed of merger, signed on 15 November 2019, entered into effect on 25 November 2019, with continuity as part of BPER Banca of all Unipol Banca accounts existing prior to the merger.

## **THE UG GROUP**

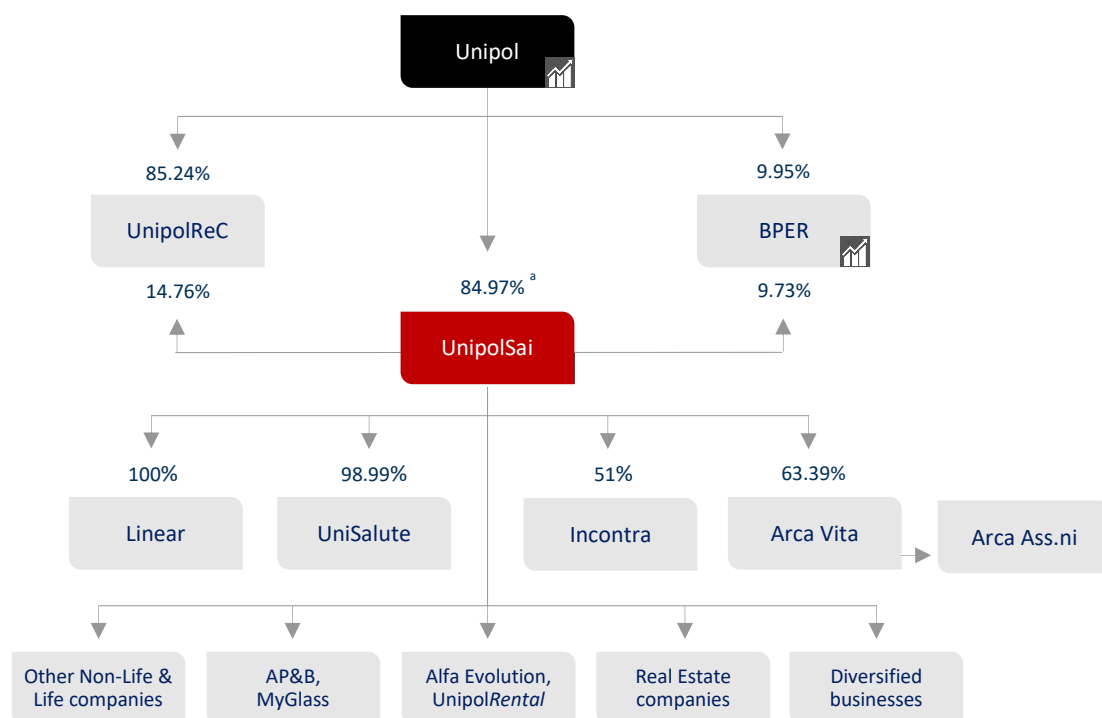
As at the date of this Base Prospectus, the UG Group includes 54 subsidiaries. For further information on the structure of the UG Group, see "*The Group – Structure diagram*" below.

The insurance business is by some degree the most important activity of the UG Group, which ranks among the leading insurance groups in the Italian market and generated direct insurance premiums of Euro 14,014 million (Euro 5,847 million of which in the life business and Euro 8,167 million in the non-life business, each as defined below) for the year ended 31 December 2019 compared to Euro 12,349 million (Euro 4,396 million of which in the life business and Euro 7,953 million in the non-life business, each as defined below) for the year ended 31 December 2018. The consolidated direct insurance premiums of the UG Group for the six-month period ended 30 June 2020 amounted to Euro 6,100 million (of which Euro 2,173 million in the life business and Euro 3,927 million in the non-life business, each as defined below).

At 31 December 2019, the UG Group had approximately 16.1 million customers, and a network of 2,610 primary sales points (or agencies), over 5,585 secondary sales points (or sub-agencies) operating on an agency basis, and 5,547 bancassurance branches.

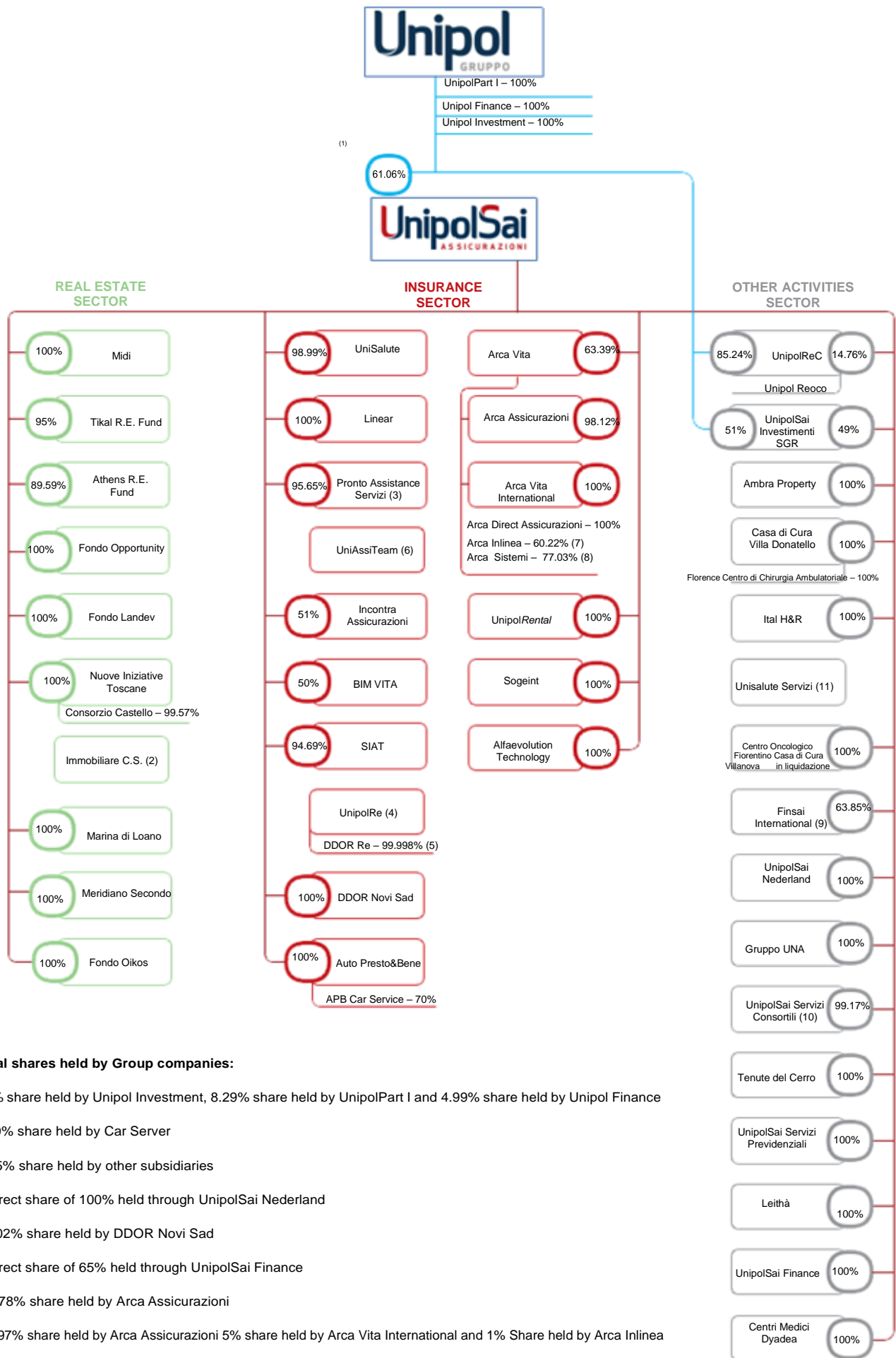
### **Structure diagram**

The following diagram sets forth the structure of the UG Group as at 1 September 2020.



 Companies listed on the Italian Stock Exchange

<sup>a</sup> Including the shares held by Unipol Investment, UnipolPart I and Unipol Finance



**Additional shares held by Group companies:**

- (1) 10% share held by Unipol Investment, 8.29% share held by UnipolPart I and 4.99% share held by Unipol Finance
- (2) 100% share held by Car Server
- (3) 4.35% share held by other subsidiaries
- (4) Indirect share of 100% held through UnipolSai Nederland
- (5) 0.002% share held by DDOR Novi Sad
- (6) Indirect share of 65% held through UnipolSai Finance
- (7) 39.78% share held by Arca Assicurazioni
- (8) 16.97% share held by Arca Assicurazioni 5% share held by Arca Vita International and 1% Share held by Arca Inlinea
- (9) 36.15% share held by UnipolSai Finance
- (10) 0.83% share held by other Group companies
- (11) 100% share held by UniSalute

## BUSINESS STRATEGY

On 9 May 2019, the Board of Directors of UG approved the strategic plan of the UG Group for the 2019-2021 period (the “**Strategic Plan**”). The Strategic Plan, developed on the basis of the current scope of the Group, has the objective of strengthening the leadership of UG in the reference three-year period, establishing the basis for confirming its leadership position also beyond the Strategic Plan's scope.

The strategic framework defined with the Strategic Plan calls for an evolution from an insurance leader to a leader of mobility, welfare and property ecosystems.

In particular, the pillars of the Strategic Plan are as follows:



By leveraging on its distinctive assets, the Strategic Plan is structured based on five strategic areas:

- 1) “Evolution of technical excellence”, to guarantee business profitability by continuously seeking out increasingly advanced levels of excellence, exploiting technical and technological leadership in the areas of pricing, risk selection and settlement capacity.
- 2) “Evolution of distribution excellence”, by leveraging the UnipolSai brand as a service leader, increasing the frequency and effectiveness of contact with customers, maximising the commercial effectiveness of the top Italian insurance network with new professional figures, the integrated support of remote channels and Bancassurance and Partnership development.
- 3) “Beyond insurance”, with the aim of becoming the point of reference, not only in insurance, for private mobility, welfare and property needs, offering customers an ecosystem of skills and assets integrated at Group level.
- 4) “People and Technology”, with investments to boost the speed of the evolution of the operating model oriented towards simplification and efficiency.
- 5) “Shared value and sustainable development”, to create shared value for the Group and for its stakeholders and contribute to reaching the SDGs by reducing underinsurance and developing products and services that increase the security, resilience and sustainability of people, companies, cities and territories.



## BUSINESS OF THE UG GROUP

### **OVERVIEW**

UG is the holding company of a leading Italian insurance group. UG is listed on the Milan Stock Exchange and manages and coordinates all its subsidiaries. The sectors in which the Group carries out business are described below.

**Insurance Sector:** Activities are carried out in Italy through UnipolSai and its subsidiaries, a company in turn listed on the Milan Stock Exchange, which carries out insurance and reinsurance activity in all non-life and life segments, primarily through the agency network.

UG is also the second operator in the Serbian market where it operates through its subsidiary DDOR Novi Sad a.d.o.

The companies specialising in reinsurance business are UnipolRe DAC, a company that offers reinsurance services to small and medium sized companies, and Ddor Re a.d.o., the Serbian reinsurance company.

The most significant companies instrumental to the insurance business that characterise and make the Group's insurance offer distinctive with the direct and integrated governance of service processes are:

- Auto Presto&Bene S.p.A., with its network of repair shops present throughout the country to offer MV policyholders certified repairs with no cash advance;
- APB Car Service S.r.l. (MyGlass), for repair and glass replacement services;
- AlfaEvolutionTechnology S.p.A., a company established in 2016 as the telematics provider of UnipolSai and other Group companies; and
- UnipolRental S.p.A., formerly Car Server S.p.A., a company acquired by UnipolSai in 2019, one of the leading operators on the Italian market for long-term company fleet rental and business mobility management in general.

**Real Estate Sector:** At 30 June 2020 the real estate sector companies (11 specific companies including four Property Funds) manages real estate assets totalling Euro 2.1 billion. Other real estate assets for an amount of Euro 1.7 billion are held by other companies not included in Real Estate Sector, such as UnipolSai, which directly holds roughly 38% of the Group's real estate assets.

**Holdings and Other Business Sectors:** The Group operates in the Italian hospitality through its subsidiary Gruppo UNA, with assets consisting of 37 facilities (hotels, residences and resorts), of which 31 managed directly or under management and 6 affiliates with franchising agreements in some of the main cities and most renowned tourist destinations in Italy. It is also active in the agricultural sector through the company Tenute del Cerro S.p.A. – società agricola, which owns more than 4,000 hectares of land in central Italy for the production of high quality wine. Furthermore, in the healthcare sector, the Group is present through the Casa di Cura Villa Donatello S.p.A. (Florence), Dyadea multi-specialist centers and the Centri Medici Unisalute healthcare centre of the company Unisalute Servizi S.r.l. This segment includes also innovation (Leithà S.r.l.) and real estate investment funds (UnipolSai Investimenti SGR S.p.A.).

Starting from 2019, due to the fact that the equity investment in BPER Banca S.p.A. held directly and indirectly through UnipolSai S.p.A. was increased to a total of 19.97% of the Bank's share capital, and also taking into account the relevant transactions already performed and in place between the Unipol Group and BPER Banca itself, the Unipol Group qualified, from June 2019, its interests held as interests with significant influence.

The following table provides a summary of UG's group financial highlights as at 31 December 2019.

**Summary of UG's financial highlights**

<i>Values in millions of Euro</i>	<b>31/12/2019</b>	<b>31/12/2018</b>
Non-life business direct premiums .....	8,167	7,953
Life business direct premiums .....	5,847	4,396
- of which life investment contracts .....	393	508
<b>Direct premiums</b> .....	<b>14,014</b>	<b>12,349</b>
<b>Real estate business revenue and income</b> .....	<b>60</b>	<b>63</b>
<b>Holding and other business sectors revenues and income</b>	<b>688</b>	<b>288</b>

**INSURANCE BUSINESS**

The UG Group operates in the insurance business with a composite strategy, through its main operating company UnipolSai and through other specialised subsidiaries (as specified below). In particular, the UG Group provides a wide range of insurance products both in the life business and in the non-life business. The UG Group's objective is to deliver to its customer's simple products capable of providing added value to the customer, an efficient service throughout the different phases of the insurance product, post-sales assistance tailored to meet the needs of its policy subscribers together with improved and transparent customer communication.

**Premiums as at 31 December 2019**

For the year ended 31 December 2019, the percentage of the UG Group's total insurance premiums generated by each of its principal insurance sectors was as follows:

- Non-life business premiums: 59.1 per cent. (65.0 per cent. in the corresponding period of 2018);
- Life business premiums: 40.9 per cent. (35 per cent. in the corresponding period of 2018). The following table provides the breakdown of consolidated premiums for the periods indicated.

**Consolidated premiums (direct and indirect)**

<i>Values in millions of Euro</i>	<i>change</i>				
<i>(Audited)</i>	<b>31/12/2019</b>	<i>mix %</i>	<b>31/12/2018</b>	<i>mix %</i>	<b>%</b>
Non life direct premiums .....	8,167		7,953		2.7
Non life indirect premiums .....	284		208		36.9
<b>Total non life premiums</b> .....	<b>8,451</b>	<b>59,1</b>	<b>8,161</b>	<b>65,0</b>	<b>3.6</b>
Life direct premiums .....	5,847		4,396		33
- of which investment product .....	393	2,7	508	4,0	(22.6)
Life indirect premiums .....	/		/		/
<b>Total life premiums</b> .....	<b>5,847</b>	<b>40,9</b>	<b>4,397</b>	<b>35,0</b>	<b>33</b>
<b>Total premiums</b> .....	<b>14,298</b>	<b>100.0</b>	<b>12,557</b>	<b>100.0</b>	<b>13.9</b>

The consolidated premiums (considering both non-life business and life business) of the UG Group for the year ended 31 December 2019 amounted to Euro 14,298 million.

## Non-life business

The following table sets out the breakdown of non-life business direct premiums per class of business for the periods indicated.

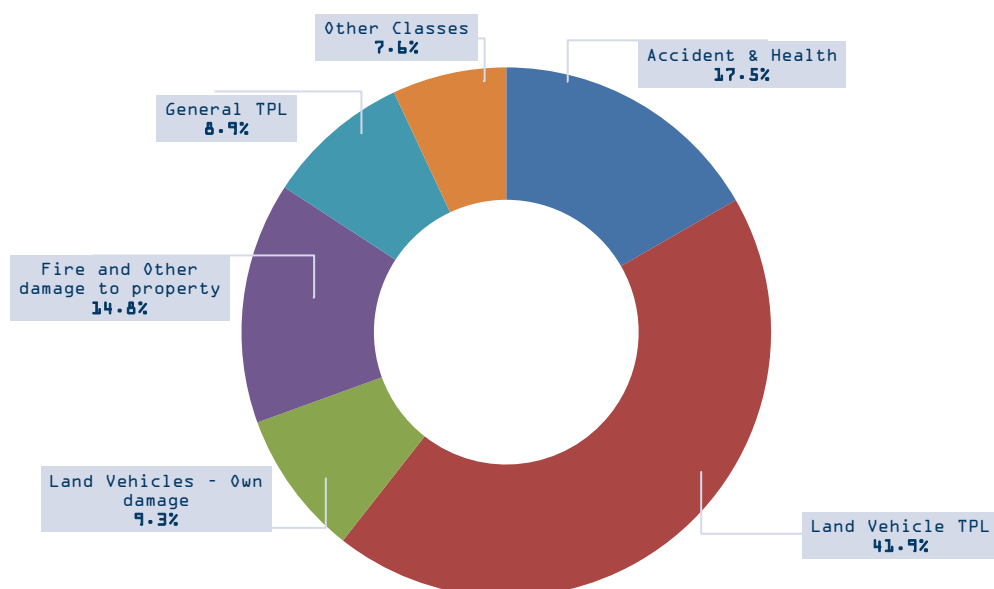
### Non-life direct premiums

Values in millions of Euro

	31/12/2019	mix %	31/12/2018	mix %	change
(Audited)					%
Motor and marine vehicle third party liability (classes 10 and 12)	3,422		3,479		(1.7)
Motor vehicle damage (class 3) .....	756		703		7.6
<b>Total motor premiums .....</b>	<b>4,178</b>	<b>51.2</b>	<b>4,183</b>	<b>52.6</b>	<b>(0.1)</b>
Accident and health (classes 1 and 2) ....	1,431		1,337		7.0
Fire and other damage to property (classes 8 and 9)	1,211		1,176		3.0
General third party liability (class 13) .	727		701		3.7
Other classes .....	620		557		11.3
<b>Total non-motor premiums .....</b>	<b>3,989</b>	<b>48.8</b>	<b>3,770</b>	<b>47.4</b>	<b>5.8</b>
<b>Total non-life premiums .....</b>	<b>8,167</b>	<b>100.0</b>	<b>7,953</b>	<b>100.0</b>	<b>2.7</b>

The non-life business direct premiums for the year ended 31 December 2019 amounted to Euro 8,167 million compared to Euro 7,953 million for the year ended 31 December 2018.

The chart below sets forth the percentage composition of non-life business direct premiums as at 31 December 2019.



## ***Life business***

The consolidated life business premiums (direct, indirect and investment products) for the year ended 31 December 2019 amounted to Euro 5,847 million, compared to Euro 4,397 million for the year ended 31 December 2018. The following table sets out the breakdown of consolidated life direct premiums for the periods indicated.

### **Life direct premiums**

*Values in millions of Euro*

*change*

<i>(Audited)</i>	<b>31/12/2019</b>	<i>mix %</i>	<b>31/12/2018</b>	<i>mix %</i>	<i>%</i>
I-Whole and term life insurance .....	3,717	63.6	2,812	64	32.25
III-Unit-linked/index – Linked policies	375	6.4	512	11.6	(26.9)
IV – Health	6	0.1	4	0.1	37.6
V- Capitalisation insurance .....	481	8.2	406	9.2	18.6
VI-Pension funds .....	1,268	21.7	663	15.1	91.3
<b>Total life direct premiums .....</b>	<b>5,847</b>	<b>100.0</b>	<b>4,396</b>	<b>100.0</b>	<b>33</b>
<i>- of which investment products .....</i>	<b>393</b>	<b>100.0</b>	<b>508</b>	<b>100.0</b>	<b>22.6</b>

Life business direct premiums for the year ended 31 December 2019 amounted to Euro 5,847 million compared to Euro 4,396 million in 2018.

## ***Pension Funds***

In 2019, the UG Group maintained its market position in the pension funds markets action as one of the leading player in such market.

The Group was mainly active in the occupational pension funds and in the open-ended pension funds segment. In particular, the UG Group operated in such segments through UnipolSai. Furthermore, as at 31 December 2019, UnipolSai managed a total of 25 occupational pension fund (19 of which "with guaranteed capital and/or minimum return") compared to 23 for the year ended 31 December 2018, resulting in an increase of 2 units.

At 31 December 2019, the assets of the open pension funds managed by UnipolSai and BIM (UnipolSai Previdenza FPA, Fondo Pensione Aperto BIM Vita) reached a total of Euro 908 million (+6.6% compared to 2018) with 42,277 members. The "Bilanciato Etico" segment, one of the seven segments of the UnipolSai Previdenza open pension fund, invests its Euro 71.7 million in assets in a diversified portfolio of primarily bonds and, marginally, equity instruments in the Eurozone, which are fully managed according to ESG criteria.

### **Premiums as at 30 June 2020**

For the six-month period ended 30 June 2020 the percentage of the UG Group's total insurance premiums generated by each of its principal insurance sectors was as follows:

- Non-life business premiums: 65.3 per cent. (57.4 per cent. in the corresponding period of 2018);
- Life business premiums: 34.7 per cent. (42.6 per cent. in the corresponding period of 2018).

The following table provides the breakdown of consolidated premium for the periods indicated.

**Consolidated premiums (direct and indirect)**

*Values in millions of Euro*

<i>(Unaudited)</i>	<b>30/06/2020</b>	<i>mix %</i>	<b>30/06/2019</b>	<i>mix %</i>	<i>change %</i>
non-life direct premiums .....	3,927		4,109		(4.4)
non-life indirect premiums .....	158		179		(11.5)
<b>Total non-life premiums .....</b>	<b>4,086</b>	<b>65.3</b>	<b>4,288</b>	<b>57.4</b>	<b>(4.7)</b>
Life direct premiums .....	2,173		3,185		31.8
<i>of which investment product .....</i>	241	3.9	162	2.2	49.4
Life indirect premiums .....	/	/	/	/	/
<b>Total life premiums .....</b>	<b>2,173</b>	<b>34.7</b>	<b>3,185</b>	<b>42.6</b>	<b>(31.8)</b>
<b>Total premiums .....</b>	<b>6,259</b>	<b>100.0</b>	<b>7,473</b>	<b>100.0</b>	<b>(16.2)</b>

The consolidated insurance premiums (taking into account both non-life and life business) of the UG Group for the six-month period ended 30 June 2020 amounted to Euro 6,259 million, compared to Euro 7,473 million for the same period of 2019, resulting in a decrease of 16.2 per cent.

**Non-life business**

Non-life business premiums (direct and indirect) for the six-month period ended 30 June 2020 amounted to Euro 4,086 million compared to Euro 4,288 million for the same period of 2019, resulting in a decrease of 4.7 per cent.

The following table sets out the breakdown of non-life business direct premiums for the periods indicated.

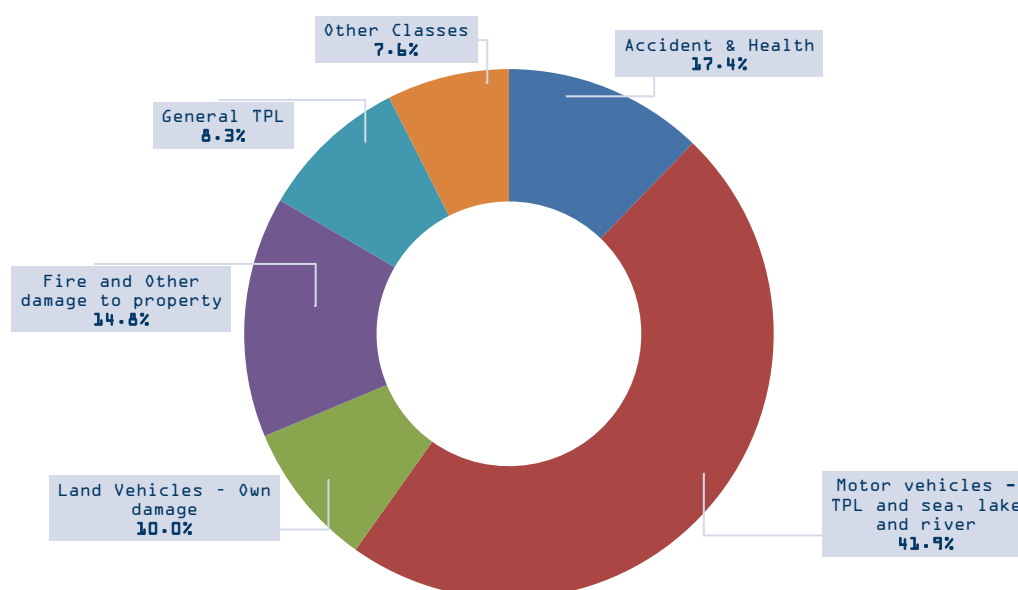
**Non-life direct premiums**

*Values in millions of Euro*

<i>(Unaudited)</i>	<b>30/06/2020</b>	<i>mix %</i>	<b>30/06/2019</b>	<i>mix %</i>	<i>change %</i>
Motor and marine vehicle third-party liability (classes 10 and 12)	1,647		1,770		(6.9)
Motor vehicle damage (class 3) .....	393		382		3.1
<b>Total motor premiums .....</b>	<b>2,041</b>	<b>52.0</b>	<b>2,151</b>	<b>52.4</b>	<b>(5.1)</b>
Accident and health (classes 1 and 2) .....	684		715		(4.4)
Fire and other damage to property (classes 8 and 9) .....	580		578		0.4
General third party liability (class 13) ....	324		347		(6.5)
Other classes .....	298		318		(6.1)
<b>Total non-motor premiums .....</b>	<b>1,887</b>	<b>48.0</b>	<b>1,958</b>	<b>47.6</b>	<b>(3.6)</b>
<b>Total non-life premiums .....</b>	<b>3,927</b>	<b>100.0</b>	<b>4,109</b>	<b>100.0</b>	<b>(4.4)</b>

Non-life business direct premiums for the six-month period ended 30 June 2020 amounted to Euro 3,927 million compared to Euro 4,109 million in the same period of 2019, resulting in a decrease of 4.4 per cent.

The chart below sets forth the percentage composition of non-life business direct premiums as at 30 June 2020.



### Life business

Life business premiums (direct, indirect and investment products) for the six-month period ended 30 June 2020 amounted to Euro 2,173 million compared to Euro 3,185 million in the same period of 2019, resulting in a decrease of 31.8 per cent.

The following table sets out the breakdown of life business direct premiums for the periods indicated.

#### Life direct premiums

<i>Values in millions of Euro</i>					
<i>(Unaudited)</i>					
	30/06/2020	<i>mix %</i>	30/06/2019	<i>mix %</i>	<i>change %</i>
I-Whole and term life insurance .....	1,347	62.0	1,783	56.0	(24.5)
III-Unit-linked/index – Linked policies	230	10.6	152	4.8	50.7
IV – Health	3	0.1	3	0.1	15.3
V- Capitalisation insurance .....	258	11.9	291	9.1	(11.6)
VI-Pension funds .....	336	15.4	956	30.0	(64.9)
<b>Total life direct premiums .....</b>	<b>2,173</b>	<b>100.0</b>	<b>3,185</b>	<b>100.0</b>	<b>(31.8)</b>
<i>- of which investment products .....</i>	<i>241</i>	<i>100.0</i>	<i>162</i>	<i>100.0</i>	<i>49.4</i>

Life business direct premiums for the six-month period ended 30 June 2020 amounted to Euro 2,173 million compared to Euro 3,185 million in the same period of 2019, resulting in a decrease of 31.8 per cent.

### Pension Funds

The Unipol Group retained its leading position in the supplementary pension market, despite strong competition.

In the occupational pension funds segment, the number of management mandates of UnipolSai as at 30 June 2020 amounted to 21 compared to 25 as at 31 December 2019.

In the open-ended funds segment the UG Group manages two open-ended funds for a total assets amount of Euro 878 million compared to Euro 908 million as at 31 December 2019.

### **UG's insurance subsidiaries**

The UG Group carries out its insurance activities primarily through UnipolSai (the company resulting from the Merger) and its insurance subsidiaries, Linear, UniSalute, and the Arca Group.

#### ***UnipolSai***

UnipolSai is the main subsidiary of the UG Group operating in the insurance sector. UG holds directly a 61.1 per cent. equity interest in UnipolSai. An additional 23.3 per cent equity interest in UnipolSai is held by other holding companies which are wholly owned by Unipol Gruppo (UnipolPart I S.p.A., Unipol Investment S.p.A. and Unipol Finance S.r.l.). Pursuant to Article 2359 of the Italian Civil Code, UnipolSai is controlled by UG which exercises direction and coordination over it, in accordance with Article 2497 and following of the Italian Civil Code.

UnipolSai is the leading player in Italy in the non-life insurance sector, particularly in vehicle liability insurance, and it also holds a primary position in the life insurance sector. UnipolSai offers a full range of insurance solutions and products.

As at 30 June 2020, UnipolSai operated throughout Italy, with a network of 2,387 agencies and 4,142 agents.

The non-life business direct premiums of UnipolSai as at and for the year ended 31 December 2019 amounted to Euro 6,990 million (of which Euro 3,927 million were generated by the motor insurance business and Euro 3,063 million by the non-motor insurance business) compared to Euro 6,898 million as at and for the year ended 31 December 2018, resulting in an increase of 1.3 per cent. considering the premiums of the incorporated company as well in 2018 premiums.

The life business direct premiums of UnipolSai as at and for the year ended 31 December 2019 amounted to Euro 4,080 million compared to Euro 3,129 million as at and for the year ended 31 December 2018, resulting in an increase of 30.4 per cent..

The non-life business direct premiums of UnipolSai for the six-month period ended 30 June 2020 amounted to Euro 3,354 million (of which Euro 1,913 million were generated by the motor insurance business and Euro 1,442 million by the non-motor insurance business) compared to Euro 3,480 million as at 30 June 2019 (of which Euro 2,022 million were generated by the motor insurance business and Euro 1,458 million by the non-motor insurance business), resulting in a decrease of 3.6 per cent.

The life direct premiums of UnipolSai for the six-month period ended 30 June 2020 amounted to Euro 1,507 million, compared to Euro 2,327 million as at 30 June 2019, resulting in a decrease of 35.3 per cent.

#### ***Linear***

Linear was established in 1996 as part of a strategy to increase channel and product diversification. Linear directly sells vehicle and motor vehicle insurance products, using alternative sales channels such as telephone and internet. Since 2005, Linear has also sold multi-risk home insurance products.

Linear's activities are primarily focused on the sale of motor third party liability insurance and other products related to car insurance (such as driver accident insurance and roadside assistance).

The company's development strategy is to target individuals with good risk profiles and is centred on building up loyalty amongst its customers, who are offered highly personalised, quality products at low-prices.

Linear in 2019 generated a profit of Euro 9.8 million (Euro 9.4 million at 31 December 2018). Total gross premiums, amounting to Euro 184.2 million, recorded a 2.4% increase on 2018, particularly in the Land Vehicle Hulls class

(+5.7%). The partnership for the sale of Home Assistance insurance with Hera, an Italian multiutility based in Bologna, recorded premiums written for Euro 1.9 million in 2019. Contracts in the portfolio at the end of 2019 were close to 628k units (+5.4%), an all-time high for the company.

The direct premiums of Linear for the six-month period ended 30 June 2020 amounted to Euro 96.3 million compared to Euro 96.1 million for the six-month period ended 30 June 2019, resulting in an increase of 0.3 per cent.

UG currently holds a 100 per cent. equity interest in Linear.

### ***UniSalute***

UniSalute was established in 1995 as part of a strategy to increase channel and product diversification. UniSalute is specialised in the health and assistance sectors, selling managed care group policies directly to businesses, associations and various other bodies. Founded by the Unipol Group in 1995, UniSalute is the national leader in managing funds covering specific categories of employees and professionals. UnipolSai currently holds a 98.99 per cent. equity interest in UniSalute.

UniSalute supplies national healthcare services in its capacity as a managed-care provider through "collective" packages of public and private healthcare services. The company's portfolio, for the most part, is comprised of collective policies entered in by companies to provide health-care their employees. UniSalute's customers include Italian and foreign multinationals, banks and organisations.

UniSalute continued to successfully expand activities based on its business model, with premiums (including indirect business) totalling Euro 489.2 million (Euro 501.9 million at 31 December 2018), down by 2.5%. Among the main agreements that were executed by UniSalute over the period, to be noted are those with Fondo Sanimoda, EBM (Ente Bilaterale Metalmeccanici), Fondo Sanipro, Intesa Sanpaolo and Lidl. The number of claims reported rose by 15.3%, from 3,340,648 in 2018 to 3,851,034 in the period under review. 2019 also posted a profit of Euro 34.2 million (Euro 40.3 million at the end of 2018), down by approximately 15.1%.

The premiums of Unisalute for the six-month period ended 30 June 2020 (including indirect business) amounted to Euro 253.0 million compared to Euro 261.1 million for the six-month period ended 30 June 2019, resulting in a decrease of 3.1 per cent.

### ***Arca Group***

The Arca Group, which includes Arca Vita S.p.A. (**Arca Vita**), Arca Assicurazioni S.p.A (**Arca Assicurazioni**) and Arca Vita International Dac (**Arca Vita International**), became part of the UG Group in 2010 as a consequence of the partnership agreement entered into by UG with Banca Popolare dell'Emilia Romagna S.c.p.a., Banca Popolare di Sondrio S.c.p.a. which provided for, *inter alia*, the purchase by UG of the majority equity interest in Arca Vita.

Arca Vita and Arca Vita International operate in the life business, and Arca Assicurazioni operates in the non-life business. The companies within the Arca Group distribute their insurance products through approximately 2,857 branches.

At 31 December 2019, in the Life bancassurance channel, the Arca Group recorded direct premiums amounting to Euro 1,676 million (+55.6%). The volume of total investments amounted to Euro 11,123.8 million (Euro 8,921.5 million at 31 December 2018). The profit of Arca Vita, net of dividends collected from the subsidiaries, was Euro 31.4 million (+4.2%), and that of Arca Vita International was Euro 0.7 million (-60.1%).

Arca Assicurazioni achieved a net profit at 31 December 2019 of Euro 27.8 million (-6.9%), recording direct premiums for Euro 136 million (+13.1%), with a significant increase in the Non-MV classes (+18.1%) and a more limited growth in the MV segment (+2.3%). The breakdown of the portfolio among the distribution channels is almost totally focused on the banking channel, which at 31 December 2019 recorded 98.3% of the total Non-Life premiums.



Overall, the banking channel recorded a 13.9% increase in premiums compared to the previous year, with premiums written totalling approximately Euro 134 million.

Life direct premiums of Arca Group for the six-month period ended 30 June 2020 amounted to Euro 631.7 million compared to Euro 810.9 million in the same period of 2019, resulting in a decrease of 22.1 per cent. non-life direct premiums for the six-month period ended 30 June 2020 amounted to Euro 69 million, basically in line with the first half of 2019.

#### **Other Insurance companies**

- SIAT S.p.A., which focuses on the Marine Vessels segment, recorded a Euro 0.1 million profit in 2019 (Euro 0.7 million at 31 December 2018) with total gross premiums (direct and indirect) at Euro 159.8 million (Euro 148.5 million in 2018).
- Incontra Assicurazioni S.p.A. recorded a Euro 9.7 million profit at 31 December 2019 (profit of Euro 6.8 million at 31 December 2018), with premiums equal to Euro 185 million, up compared to the previous year (Euro 136 million in 2018), mainly concentrated in the Health and Pecuniary Losses classes (respectively 56% and 32% of the total gross premiums written). At 31 December 2019, the volume of total investments reached Euro 256 million (Euro 194 million at 31 December 2018), almost entirely concentrated in available-for-sale financial assets, while gross technical provisions amounted to Euro 325 million (Euro 251 million at 31 December 2018).
- Pronto Assistance S.p.A. active in placing assistance services insurance policies in the home, health, MV and business sectors, customisable so as to meet the customer's needs, closed 2019 with a profit of Euro 1.1 million (Euro 4.3 million recorded in 2018). In 2019 posted total premiums amounting to Euro 168.6 million (Euro 143.1 million at 31 December 2018), with an increase of approximately 17.8% mainly referred to the indirect business taken by Group companies. Pronto Assistance S.p.A. was merged into UnipolSai with effect from 1 February 2020.
- DDOR Novi Sad recorded a Euro 7.3 million profit (Non-Life and Life businesses) at 31 December 2019 (up from Euro 5.3 million at 31 December 2018) following a growth in premiums (Non-Life and Life businesses), from Euro 95.3 million at the end of 2018 (of which Euro 80.7 million in the Non-Life segment) to Euro 100.9 million at 31 December 2019 (of which Euro 85.3 million in the Non-Life business).

#### **Other significant insurance undertaking and other companies carrying out services ancillary to the insurance business**

- Alfaevolution Technology S.p.A. operates in the main sectors of insurance telematics (MV, Home, Health) and operates through the different companies of the Group to provide customers with advanced services.
- Leithà S.r.l aims to support the development of software prototypes, experimentation with new technologies, as well as the predictive analysis of data supporting the Group's business and IT systems.
- UnipolRental S.p.A. (formerly Car Server S.p.A.) is one of the main operators active in the Italian long-term company fleet rental market.
- UnipolRe DAC, an Irish company specialized in the reinsurance business which is developing its activities, recording total gross premiums at Euro 264.6 million in 2019 (Euro 195.7 million in 2018).
- Auto Presto e Bene offers repair and glass replacement services.

## **Other information relating to the insurance business**

### ***Group Specific Parameters (USP)***

Following submission of the application for authorisation, by way of the Measures of 2 February 2016 IVASS authorised the UG Group as a whole to use the specific parameters instead of the sub-set of parameters defined in the so called “Standard Formula”, with effect from 1 January 2016 (the **Group Specific Parameters**). In particular, IVASS’s authorisation to use the Group Specific Parameters concerns the following segments of non-life insurance and reinsurance obligations as specified in Annex II to the Solvency II Regulations, namely, Segment 1 (proportional insurance and reinsurance on third party liability resulting from the circulation of vehicles), Segment 4 (proportional insurance and reinsurance against fire and other damage to property) and Segment 5 (proportional insurance and reinsurance on general third party liability).

### ***Approval of the Partial Internal Model for SCR calculation***

Following the application submitted on 12 February 2018, UG received on 24 April 2018 authorisation from IVASS to use the “Partial Internal Model” for calculating the Group Solvency Capital Requirement with effect from 31 December 2017. The Partial Internal Model includes the following risk modules: life underwriting risk, market risk, credit risk, non-life catastrophe risk sub-module and risk aggregation. The modules currently included in the Partial Internal Model were defined on the basis of the relevance of the module and the level of progress reached in the development of measurement methodologies for the individual risk modules. Part of the Partial Internal Model is calculated according to the Standard Formula Group Specific Parameters. This is the case for premium and reserve non-life risk for the following lines of business: (i) motor vehicles third party liability; (ii) general liability; and (iii) fire and other damage to property. UG is considering extending the Partial Internal Model to include all measurable risk modules so as to reach a “Full Internal Model” type configuration over time.

- It is worth mentioning that within the Group, following the authorisation process launched with the application of 14 November 2016, on 7 February 2017 IVASS authorised UnipolSai and Arca Vita to use a “Partial Internal Model” for calculating the individual Solvency Capital Requirement with effect from 31 December 2016. Taking into account the activity carried out by the two undertakings, the solo Partial Internal Model covers the same risk modules of Group PIM.

## **BANKING BUSINESS**

As reported in the section “The UG Group”, on 31 July the sale of the interest in Unipol Banca was finalised. For 2019 and 2018 the revenues and costs related to the banking sector, that was deemed as a major area of business for Unipol Group, were presented summarily as “Profit (loss) from discontinued operations”. The breakdown of such revenues and costs is provided below.

<i>Amounts in €m</i>		Banking business	
		<b>31/12/2019</b>	<b>31/12/2018</b>
1.2	Commission income	72,2	127,5
1.3	Gains and losses on financial instruments at fair value through profit or loss	1,4	-3,2
1.4	Gains on investments in subsidiaries, associates and interests in joint ventures	0,2	0,5
1.5	Gains on other financial instruments and investment property	115,5	278,6
1.5.1	<i>Interest income</i>	101,7	207,0
1.5.2	<i>Other income</i>	0,0	0,8
1.5.3	<i>Realised gains</i>	5,7	40,6
1.5.4	<i>Unrealised gains</i>	8,1	30,3
1.6	Other income	15,9	33,5
<b>1</b>	<b>TOTAL REVENUE AND INCOME</b>	<b>205,3</b>	<b>436,9</b>
2.2	Commission expenses	-6,8	-13,8
2.4	Losses on other financial instruments and investment property	-62,0	-173,3
2.4.1	<i>Interest expense</i>	-23,5	-54,3
2.4.3	<i>Realised losses</i>	-1,1	-29,6
2.4.4	<i>Unrealised losses</i>	-37,4	-89,4
2.5	Operating expenses	-88,6	-196,8
2.5.1	<i>Commissions and other acquisition expenses</i>	32,7	60,0
2.5.2	<i>Investment management expenses</i>	14,6	32,5
2.5.3	<i>Other administrative expenses</i>	-135,8	-289,3
2.6	Other costs	-15,1	-9,9
<b>2</b>	<b>TOTAL COSTS AND EXPENSES</b>	<b>-172,5</b>	<b>-393,9</b>
	<b>PRE-TAX PROFIT (LOSS) FOR THE PERIOD</b>	<b>32,8</b>	<b>43,0</b>
3	Income tax	-11,7	-10,1
	<b>PROFIT (LOSS) FOR THE YEAR AFTER TAXES</b>	<b>21,1</b>	<b>32,9</b>
	Capital loss (net of taxes) due to classification among discontinued operations	-21,1	-337,5
<b>4</b>	<b>PROFIT (LOSS) FROM DISCONTINUED OPERATIONS</b>	<b>0,0</b>	<b>-304,6</b>
	of which attributable to the owners of the Parent	0,0	-296,0
	of which attributable to non-controlling interests	0,0	-8,7

## **REAL ESTATE BUSINESS**

The UG Group is active in the real estate business through a number of subsidiaries including, *inter alia*, Nit S.r.l., Tikal R.E. Fund, Athens R.E. Fund and Marina di Loano S.p.A., as well as certain smaller entities. Investments and cash and cash equivalents of the real estate sector (including instrumental properties for own use) totalled Euro 1,423 million at 31 December 2019 (Euro 1,303 million at 31 December 2018) and consisted of investment property amounting to Euro 760 million (Euro 586 million at 31 December 2018) and properties for own use totalling Euro 612 million (Euro 603 million at 31 December 2018).

The revenues generated by the real estate sector for the year ended 31 December 2019 amounted to Euro 60 million compared to Euro 63 million for the year ended 31 December 2018.

The value of the investment property and Properties for own use portfolio of the real estate business segment as at 30 June 2020 was Euro 1,974 million compared to Euro 1,372 million as at 31 December 2019, resulting in an increase.

The revenues generated by the real estate business segment amounted to Euro 36 million for the six-month period ended 30 June 2020 compared to Euro 29 million for the six-month period ended 30 June 2019.

## **HOLDING COMPANIES AND OTHER BUSINESS SECTORS**

At 31 December 2019 the investments and the cash and cash equivalents of the holding and other business sectors (including properties for own use for Euro 148 million) were Euro 2,442 million (Euro 2,604 million at 31 December 2018).

The consolidated revenues generated by the holding and other business sectors for the year ended 31 December 2019 amounted to Euro 688 million and include revenues for services provided to Group companies belonging to other sectors, eliminated during the consolidation process (Euro 288 million for the year ended 31 December 2018).

The revenues generated by the holding and other activities segment for the six-month period ended 30 June 2020 amounted to Euro 103 million compared to Euro 427 million for the six-month period ended 30 June 2019, resulting in a decrease of 75.9 per cent. It should be noted that the profit at 30 June 2019 benefitted from income of Euro 244m deriving from the effects of the first time consolidation of the investment held in BPER Banca, according to the equity method.

## **RECENT DEVELOPMENTS**

- On 30 July 2020, the Public Purchase and Exchange Offer promoted by Intesa Sanpaolo on UBI Banca shares was successfully concluded. The completion of this transaction was one of the conditions laid out in the agreement signed by Unipol and UnipolSai with Intesa Sanpaolo and BPER Banca on 17 February 2020 concerning, inter alia, the subsequent acquisition by UnipolSai, directly or through a subsidiary, of business units referring to one or more insurance companies that are currently investees of UBI Banca.

As a result of this transaction, according to the agreement announced to the market on 17 February 2020 BPER will purchase a going concern from Intesa Sanpaolo consisting of 532 branches mainly located in Northern Italy, including the following: (i) 1.2 million customers; (ii) 29 €bn customer deposits and 31 €bn indirect funding; (iii) 26 €bn net loans, and (iv) risk-weighted assets (RWA) not higher than 15.5 €bn.

On 7 August 2020 BPER obtained authorisation by the Italian Antitrust Authority to proceed with this acquisition. The consideration for the going concern will be paid in cash, and financed through a rights issue for up to 1 €bn. UnipolSai and Unipol will subscribe to their proportion of BPER's capital increase.

UnipolSai will purchase going concerns including life insurance policies, certain assets and liabilities and legal relations of the banking business customers of BancAssurance Popolari (entirely owned by UBI Banca) and Lombarda Vita and Aviva Vita, in case UBI Banca will re-acquire control of the bancassurance vehicles.

The consideration will be based on the same valuation criteria applied by UBI Banca for the repurchase of the control stakes of Lombarda Vita and Aviva Vita, and on the book value for BancAssurance Popolari. The closing of the deal is expected to take place in 2021.

- On 14 July 2020 UG communicated to the market that the articles of association containing the amendments to articles 4 ("Purpose"), 6 ("Shares and Joint Representative"), 9 ("Shareholders' Meeting Procedures"), 12 ("Meetings and Decisions of the Board of Directors") and 13 ("Powers of the Board of Directors"), resolved by the extraordinary shareholders' meeting of 30 April 2020, with all said amendments approved by the Institute for the Supervision of Insurance (IVASS) in accordance with the law, were available to the public at

the registered office of the company, on the authorised storage mechanism eMarket Storage ([www.emarketstorage.com](http://www.emarketstorage.com)) and on the internet site of the company [www.unipol.it](http://www.unipol.it) - Governance/Corporate Governance System/Company's By-Laws. In particular, the amendment to article 6 of the articles of association relates to the introduction of shares with increased voting rights pursuant to article 127-*quinquies* of the Consolidated Law on Finance (**TUF**). The "Rules for Shares with Increased Voting Rights" are available in the Investors/Shareholding Structure/Increased Voting Rights section of the company website.

- On the Board of Directors of the Issuer approved the consolidated results as at 30 June 2020.

## **REGULATORY FRAMEWORK**

The activities of UG and its subsidiaries are subject to government regulation primarily in the Republic of Italy, where most of their business is conducted.

UG and its subsidiary UnipolSai are listed companies and accordingly are subject to extensive regulation and supervision by the *Commissione Nazionale per le Società e la Borsa* (**CONSOB**).

Due to the activities carried out by the companies of the Group, the same companies are also subject to several different regulatory provisions issued by the competent supervisory authorities, including, without limitation, *Istituto per la Vigilanza sulle Assicurazioni* (IVASS – the Institute for the Supervision of Insurance), Bank of Italy, *Autorità Garante della Concorrenza e del Mercato* (the Italian Antitrust Authority), *Commissione di Vigilanza sui Fondi Pensione* (the Italian Pensions Supervisory Authority), *Autorità Garante per la Protezione dei Dati Personali* (the Italian Data Protection Authority), *Unità di Informazione finanziaria per l'Italia* (the Italian Financial Intelligence Unit) together with the competent European Authorities.

## **OVERVIEW OF THE REGULATORY FRAMEWORK OF THE INSURANCE INDUSTRY**

Under the regulatory framework currently in force in Italy, control and supervisory powers in respect of the insurance industry are exercised by the IVASS, with the exception of certain powers specifically reserved, among others, to the Italian Ministry of Economic Development.

The main provisions applicable to the insurance sector and the relevant operator in Italy are consolidated into the Code of Private Insurance (*Codice delle Assicurazioni Private*, Legislative Decree No. 209/2005, as subsequently amended and integrated). The Code of Private Insurance sets forth, *inter alia*, provisions relating to: (i) the authorisation to exercise insurance activities; (ii) the solvency capital requirements; (iii) the financial statements; the life and non-life insurance contracts, including, without limitation, transparency principles; (v) the intermediation and distribution activities; (vi) the supervisory activities and powers of IVASS; and (vii) the applicable bankruptcy proceedings. The Code of Private Insurance has been implemented by several IVASS Regulations and provisions. In addition, specific provisions related to insurance contracts are also contained in the Italian Civil Code.

IVASS has broad jurisdiction over the insurance sector and related aspects, such as solvency capital requirements, own funds, technical reserves, selling and distribution practices, governance, products documentation and transparency principles.

As to the insurance sector, IVASS' activities include, among others: (i) the supervision of technical, financial and solvency capital requirements; (ii) the review of financial statements; (iii) the supervision of insurance intermediaries (*e.g.*, brokers, agents); (iv) the authorisation to conduct insurance activities; (v) the adoption of disciplinary measures and sanctions, including, without limitation, revocation of the relevant authorisations; (vi) the approval of restructuring plans; (vii) the proposal to the Ministry of Economic Development in relation to the compulsory winding up (*liquidazione coatta amministrativa*) of insurance companies; and (viii) the communication and collaboration with other EU insurance regulatory authorities and bodies. In carrying out its supervisory activities, IVASS is entitled, *inter alia*, to request information from insurance companies, conduct audits on their activities, summon, among others, the members of their management and supervisory bodies and to convene shareholders' as well as management and supervisory bodies' meetings in relation to measures necessary to conform the management of the concerned

insurance company to applicable law and/or regulations. Furthermore, acquisition of holdings over certain thresholds in or by insurance companies are subject to IVASS authorisation.

The Italian applicable regulatory framework also requires insurance companies to establish and maintain a continuous interaction with IVASS. Among others, intragroup transactions carried out by such companies exceeding certain thresholds or not carried out at market conditions are subject to monitoring by IVASS in accordance with IVASS Regulation No. 30 of 26 October 2016.

Regarding MV TPL (motor vehicles third party liability insurance) in particular, Italian Decree Law 124 of 26 October 2019 converted with Law 157 of 19 December 2019 amended paragraph 4-bis of Article 134 of the Private Insurance Code, introducing the single family merit bonus class. The objective of that measure is to reduce the average premium paid by families, giving all members of the nuclear family the lowest merit bonus class present within that family, irrespective of the type of vehicle owned and provided that certain conditions are met. The measure entered into force on 16 February 2020.

With reference to primary legislation, please also note Italian Legislative Decree 49 of 10 May 2019, issued in implementation of Directive (EU) 2017/828 as regards the encouragement of long-term shareholder engagement (Shareholder Rights II), introduced significant amendments to the Consolidated Law on Finance (**TUF**), including: (a) attribution to issuers of the right to ask intermediaries and central depositories to identify the shareholders holding more than 0.5% of the share capital with voting rights; (b) new transparency obligations for pension funds and insurance companies, now defined as institutional investors, when they invest in shares of companies listed in Italian or EU regulated markets (for insurance companies it is also necessary to report their investment strategies in the Solvency and Financial Conditions Report); (c) complete voting on the Report on the remuneration policy and compensation paid by the shareholders' meeting, with both sections of the Report now being subject to shareholder vote; and (d) more detailed regulations on transactions with related parties (with the resulting amendment of Article 2391-bis of the Italian Civil Code), in part referred to Consob regulations. Further implementation of the Shareholder Rights II in Italy is the Legislative Decree No. 84 of 14 July 2020, which, in particular, modifies certain provisions of the TUF regarding the sanctions regime on remuneration and related party transactions and the provisions of the Private Insurance Code on the requirements of the companies' representatives and participants of the insurance companies.

The Legislative Decree No. 84 of 14 July 2020 was published in the Gazzetta Ufficiale della Repubblica Italiana (Italian Official Gazette) on the 30 of July 2020 and enters into force on 14 August 2020, apart from the provisions on the requirements, which need implementation through regulations to be adopted by the Minister of Economic Development within 180 days from the date of entry into force of the Legislative Decree.

In terms of secondary regulations, of specific importance in the insurance sector are the provisions on product oversight and government and insurance distribution which complete the adoption of the Directive EU 2016/97 (the **"Insurance Distribution Directive"** or **"IDD"**), incorporated into Italian law by Legislative Decree No. 68 of 21 May 2018, within the Italian legal system. Reference is, in particular, made to the Regulation No. 45 issued by IVASS on 4 August 2020, IVASS Order No. 97 of 4 August 2020 regarding amendments and integrations to ISVAP Regulations No. 23/2008, No. 24/2008 and to IVASS Regulations No. 38/2018, No. 40/2018 and No. 41/2018 together with CONSOB Resolution No. 21466 of 29 July 2020 concerning the modifications of the CONSOB Regulation establishing the provisions for the implementation of the TUF on intermediaries issued by CONSOB with Resolution No. 20307 of 15 February 2018. The modifications to the regulations in force and the new regulation will be applicable from 31 March 2021.

In addition to the above, EU laws and regulations provide for specific risk-based capital and solvency requirements for insurance companies which are mainly set forth by Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (the **"Solvency II Directive"**), as subsequently amended and integrated, in particular by Directive 2014/51/EU (the **"Omnibus II Directive"**). Implementing provisions of the Solvency II Directive are set forth by EU Commission Delegated Regulation No. 2015/35 as amended in particular by EU Commission Delegated Regulation No 2016/467 (the **Solvency II Regulations**) and are aimed at specifying a range of aspects of the Solvency II Directive in view of its consistent implementation throughout the European Union, with particular regard to capital requirements and other

measures related to long-term investments, requirements on the composition of insurers' own funds, remuneration issues, requirements for valuation of assets and liabilities and reporting. The Solvency II framework – that has introduced extensive requirements as to own funds, calculation of technical provisions, valuation of assets and liabilities, governance structure, regulatory reporting and disclosure as well as governance of insurance companies – entered into force on 1 January 2016. In Italy, the Solvency II Directive has been implemented by Legislative Decree No. 74 of 12 May 2015, which substantially amended the Italian Code of Private Insurance.

The Solvency II framework has been the subject of on-going review by the European Commission and EIOPA. In particular, amendments have been introduced by Directive (EU) 2019/2177 of 18 December 2019, which introduces corrections to the functioning of the country component of the volatility adjustment. Specifically, the rules call for a reduction in the intervention threshold (from 100 to 85 basis points in terms of the country spread and the currency spread with respect to the yields of baskets of financial assets) and the national volatility adjustment component such so as to make the effective application of that correction component more frequent, while in the past it was limited to cases of strong financial market turbulence.

Amendments to the Solvency II framework have also been introduced by Commission Delegated Regulation (EU) 2019/981 of 8 March 2019 which, building on the technical advice received from EIOPA, are intended to enhance the proportionality of the Solvency II framework and its consistency with other EU financial legislation, improve the risk sensitivity of the solvency capital requirement (SCR) standard formula, remove unjustified constraints on the financing of the economy and increase transparency and reliability. With specific reference to Tier 2 and Tier 3 basic own-fund items, Commission Delegated Regulation (EU) 2019/981 of 8 March 2019 has amended Article 73 (*Tier 2 Basic own-funds – Features determining classification*) and Article 77 (*Tier 3 Basic own-funds – Features determining classification*) of Solvency II Regulations to allow for repayment and redemption before 5 years for tax and regulatory reasons, subject to satisfaction of specific conditions. Further modifications are expected as part of the comprehensive Solvency II review scheduled for 2020 (the “**2020 Review**”), in connection with which the European Commission has issued a formal call for advice to EIOPA in February 2019 (the “**Call for Advice**”). In October 2019, EIOPA published its consultation paper on its Opinion on the 2020 Review, setting out EIOPA's proposals on three main areas: firstly, review of the long-term guarantee measures; secondly, potential introduction of new regulatory tools in the Solvency II Directive (notably on macro-prudential issues, recovery and resolution and insurance guarantee schemes) and thirdly, revisions to the Solvency II framework, including in relation to reporting and disclosure and the solvency capital requirement. EIOPA was expected to publish its Opinion by 30 June 2020. However, further to the outbreak of Covid-19, EIOPA, in close coordination with the European Commission, has decided to deliver its Opinion at the end of December 2020, to take into account the importance of assessing the impact of the Covid-19 outbreak on the revision of Solvency II framework. The European Commission is expected to respond with legislative proposals for amendments to selected aspects of Solvency II in early 2021, although the actual implementation date for changes to the Solvency II rules following the 2020 Review remains unclear and it is not possible to foresee exactly what these changes will be.

In June 2019, following a consultation process that started in the previous year, the Solvency II Regulation were subject to several amendments as introduced by Commission Delegated Regulation (EU) 2019/981, including:

- long-term investments: reduction of capital requirements for long-term investments in equity;
- look-through approach: possibility of a more extensive use of simplification relating to the application of the look-through approach in relation to collective investment undertakings and “packaged” investments like mutual funds;
- credit risk: coordination with standards in force in the banking sector as regards the classification of own funds, exposure to central counterparties (CCP) and the handling of exposures to regional administrations and local authorities;
- calculation of SCR: concession of simplifications in the calculation of SCR for several Life, Non-Life and health submodules, so as to guarantee adequate proportionality between the computational load and the real risks incurred by the insurer; and

Deferred Tax Assets: introduction of additional principles for the calculation of the capacity to absorb deferred tax losses (LAC DT) in the standard formula in order to guarantee greater uniformity of application. The Regulation entered into force on 8 July 2019, while the points relating to Deferred Tax Assets and the amendments of the method for calculating the risks of the Non-Life and health businesses came into force on 1 January 2020.

## FINANCING

### *Financing – Issue of senior and subordinated debt securities*

- UG is currently the issuer and obligor under the following series of senior unsecured bonds outstanding under the Programme.

Series No	Denomination	ISIN Code	Principal amount outstanding
2	€500,000,000 4.375 per cent. Notes due 5 March 2021	XS1041042828	€317,352,000
3	€1,000,000,000 3.00 per cent. Notes due 18 March 2025	XS1206977495	€1,000,000,000

- UnipolSai is currently the issuer and obligor under the following series of subordinated debt securities outstanding.

Series No.	Denomination	Maturity Date	Interest Rate	Subordination level	ISIN Code	Principal amount outstanding
Stand-alone	€300,000,000 Fixed/Floating Subordinated Callable Notes 2021	15 June 2021	3 months Euribor + 2.50 per cent	Tier II	XS0130717134	€300,000,000
Stand-alone	€300,000,000 Fixed/Floating Subordinated Callable Notes 2023	28 July 2023	3 months Euribor + 2.50 per cent	Tier II	XS0173649798	€300,000,000 (of which €38,311,000 are held by UnipolSai)
1	€750,000,000 Fixed/Floating Undated Subordinated Notes	perpetuity	5.75 per cent. / 3 months Euribor + 5.18 per cent.	Tier I	XS1078235733	€750,000,000

### *Financing – Financing agreements*

#### *UnipolSai financing agreements*

- On 23 July 2003, Fondiaria SAI (now UnipolSai) and Mediobanca entered into a subordinated loan agreement for a total amount of Euro 400 million, as amended on 11 September 2014 (the **2003 Mediobanca Loan**). The scheduled maturity date of the 2003 Mediobanca Loan falls on 23 July 2023 and is repayable in five equal annual instalments starting from the 16<sup>th</sup> anniversary of the drawdown date. UnipolSai could exercise the early repayment option, conditional upon IVASS' prior authorisations. Interests accrue at the annual rate equal to the sum of the applicable six-month Euribor and 251.5 basis points (of which 71.5 basis points qualifies as an additional spread defined between the parties in 2014 based on the "Additional Costs Clauses" that has been triggered by EU Regulation No. 575/2013 of the European Parliament and the Council (Capital Requirement Regulation)) and are payable semi-annually in arrears. The loan is eligible to qualify as restricted Tier 1 own funds in accordance with the transitional provisions of Solvency II.



- On 20 December 2005, Fondiaria SAI (now UnipolSai) and Mediobanca entered into a subordinated loan agreement for a total amount of Euro 100 million, as amended on 11 September 2014 (the **2005 Mediobanca Loan**). The scheduled maturity date of the 2005 Mediobanca Loan falls on 30 December 2025 and is repayable in five equal annual instalments starting from the 16<sup>th</sup> anniversary of the drawdown date. UnipolSai could exercise the early repayment option, conditional upon IVASS' prior authorisations. This loan is eligible to qualify as Tier 2 own funds in accordance with the transitional provisions of Solvency II.
- On 22 June 2006, Fondiaria SAI (now UnipolSai) entered into a subordinated loan agreement with Mediobanca, for a total amount of Euro 150 million, as amended on 11 September 2014 (the **First 2006 Mediobanca Loan**). The scheduled maturity date of the 2006 Mediobanca Loan falls on 14 July 2026 and is repayable in five equal annual instalments starting from the 16<sup>th</sup> anniversary of the drawdown date. UnipolSai could exercise the early repayment option, conditional upon IVASS' prior authorisation. This loan is eligible to qualify as Tier 2 own funds in accordance with the transitional provisions of Solvency II.
- On 22 June 2006, Milano Assicurazioni (now UnipolSai) entered into a subordinated loan agreement with Mediobanca, for a total amount of Euro 150 million, as amended on 11 September 2014 (the **Second 2006 Mediobanca Loan**). The scheduled maturity date of the Second 2006 Mediobanca Loan falls on 14 July 2026 and is repayable in five equal annual instalments starting from the 16<sup>th</sup> anniversary of the drawdown date. UnipolSai could exercise the early repayment option, conditional upon IVASS' prior authorisation. On 14 July 2008, Milano Assicurazioni (now UnipolSai) made a partial early repayment of such loan for an aggregate amount equal to Euro 100 million; therefore, the outstanding amount is currently equal to 50 million. This loan is eligible to qualify as Tier 2 own funds in accordance with the transitional provisions of Solvency II.

The contractual arrangements documenting the Mediobanca Loans include, *inter alia*, the following provisions related to the capital ratios of the borrower UnipolSai:

- prohibition to reduce the share capital other than in accordance with legal obligations and to acquire treasury shares for amounts in excess of 2 per cent. of the share capital;
- prohibition to distribute dividends in the event of loss absorption as provided for by the contract; and
- prohibition to enter into subordinated loans that do not include additional subordination restrictions with respect to the existing contract.

As at the date of this Base Prospectus, no events of default have occurred and are outstanding thereunder.

#### *Other financing agreements*

Euro 170 million medium-long term loan made available to Fondo Immobiliare Athens by a pool of lenders (including, *inter alia*, Unipol Banca in the amount of Euro 10 million).]

#### *UG Debt*

The Group UG's financial debt amounted to Euro 4,498 million as at 31 December 2019 and Euro 4,216 million as at 31 December 2018.

With reference to the subordinated liabilities, all issued by UnipolSai, the change is mainly due to the repayment made on 24 July 2020, as per the contractually envisaged repayment plan, of the second tranche of Euro 80 million on the Restricted Tier 1 loan originally for Euro 400 million, disbursed in July 2003 by Mediobanca - Banca di Credito Finanziario SpA to Fondiaria-SAI and maturing 24 July 2023.

At 31 December 2019, the Debt securities issued by Unipol, net of intragroup subscriptions, totalled Euro 1,813 million and related to three senior unsecured bonds listed on the Luxembourg Stock Exchange, with a total nominal value of Euro 1,817 million.

Other loans, standing at Euro 517 million at 31 December 2019 (Euro 165 million at 31 December 2018), refer primarily to: - the loan obtained for the acquisition of properties and for improvement works by the Closed Real Estate Fund Athens R.E. Fund for a nominal value of Euro 170 million disbursed, through the company Loan Agency Service Srl, by a pool of 13 banks including Unipol Banca (merged into BPER Banca in 2019) for a nominal value of Euro 10 million; - the financial liabilities deriving from the present value of future lease payments due for lease agreements accounted for on the basis of IFRS 16.

### Own funds and capital requirement coverage ratios

The following table sets forth the amount of own funds eligible to cover capital requirements, with a breakdown by individual tiering level; the capital requirements (SCR and MCR); and the coverage ratios of the capital requirements, in each case, calculated on the basis of the Partial Internal Model, at UG level on the basis of its Solvency II scope of consolidation pursuant to Article 216-ter of the Italian Code of Private Insurance as at 31 December 2019 and 31 December 2018.

	Total		Tier 1 unrestricted		Tier 1 restricted		Tier 2		Tier 3	
	31.12.19	31.12.18	31.12.19	31.12.18	31.12.19	31.12.18	31.12.19	31.12.18	31.12.19	31.12.18
					8	9			9	8
<i>(euro in millions, except for ratios)</i>										
<b>Eligible amount of own funds</b>										
Total eligible own funds to meet SCR	7,949,053	6,345,808	5,928,237	4,041,778	1,016,765	792,286	986,227	1,194,924	17,824	316,820
Total eligible own funds to meet MCR	5,826,558	4,269,320	4,480,735	3,169,144	1,016,765	792,286	329,058	307,890		
<b>SCR, MCR and Capital Requirement coverage ratios</b>										
Solvency Capital Requirement (SCR) Minimum										
Capital Requirement (MCR) Ratio of Eligible own funds to SCR	4,251,165	3,892,721								
Ratio of Eligible own funds to MCR	1,645,288	1,539,448								
	1.87	1.63								
	3.54	2.77								

The following table sets forth the main components of the Solvency Capital Requirement at the UG level on the basis of its Solvency II scope of consolidation pursuant to Article 216-ter of the Italian Code of Private Insurance, calculated on the basis of Partial Internal Model, as at 31 December 2019 and 31 December 2018.

	31.12.2019	31.12.18
	Partial Internal Model	
Non-Life and health underwriting risk	1,936,564	1,980,508
Life underwriting risk	290,423	276,802
Market risks	2,383,989	2,108,469
Credit risk	323,554	270,319
Diversification	(1,080,412)	(1,061,509)
<b>Basic Solvency Capital Requirement (BSCR)</b>	<b>3,854,117</b>	<b>3,574,588</b>

Operational risk	559,769	551,089
Loss absorbing capacity of technical provisions	(576,988)	(434,667)
Loss absorbing capacity of deferred taxes	(875,856)	(840,390)
SCR of other related undertakings (SCR OT)	116,455	91,910
Out of scope undertakings' SCR	300,091	254,287
Conservative margin	60,182	58,247
<b>Solvency Capital Requirement - Insurance sector</b>	<b>3,437,770</b>	<b>3,255,064</b>
<b>Solvency Capital Requirement - Credit and financial sector</b>	<b>813,395</b>	<b>637,656</b>
<b>Totale Solvency Capital Requirement (SCR)</b>	<b>4,251,165</b>	<b>3,892,721</b>

## SCR sensitivities

The following table illustrates the sensitivities, as at 31 December 2019 and 31 December 2018, expressed (in percentage points) as a measure of their impact on Solvency II ratio at UG level on the basis of its Solvency II scope of consolidation pursuant to Article 216-ter of the Italian Code of Private Insurance and calculated on the basis of the Partial Internal Model.

Type of risk	Shift upwards/downwards with respect to the central scenario	Impact on Solvency II ratio	Impact on Solvency II ratio
		31 December 2019	31 December 2018
Shift upward of the interest rate curve	interest rate: +50 bps	-1 p.p.	-5 p.p.
Shift downward of the interest rate curve	interest rate: -10 bps	2 p.p.	0 p.p.
Shock on credit spread – corporate bonds	industrial and financial credit spreads: +100 bps	2 p.p.	3 p.p.
Shock on equity market	equity market value: -20%	-5 p.p.	-6 p.p.
Shock on property market	real estate market value: -15%	-8 p.p.	-10 p.p.
Sensitivity on Italian Government spread	Italian Government spread: +100 bps	-26 p.p.	-11 p.p.

## EMPLOYEES

As at 31 December 2019, the UG Group had 12,337 employees, whereas as at 30 June 2020 the UG Group had 11,957 employees.

## SHAREHOLDERS

Pursuant to the communication provided pursuant to Article 120 of Financial Services Act and available information as at the date hereof, shareholders holding more than 1 per cent. of UG's voting capital at the date of this Base Prospectus were as follows:

Declarer	Direct Shareholder	Type of possession	Percentage of voting capital	Percentage of ordinary capital
COOP ALLEANZA 3.0 SOC COOP	COOP ALLEANZA 3.0 SOC COOP	Owner	22.246	22.246
	<b>Total</b>		<b>22.246</b>	<b>22.246</b>
COOPERARE SPA	COOPERARE SPA	Owner	3.782	3.782
	<b>Total</b>		<b>3.782</b>	<b>3.782</b>
HOLMO SPA	HOLMO SPA	Owner	6.665	6.665
	<b>Total</b>		<b>6.665</b>	<b>6.665</b>
NOVA COOP SOCIETA' COOPERATIVA	NOVA COOP SOCIETA' COOPERATIVA	Owner	5.995	5.995
	<b>Total</b>		<b>5.995</b>	<b>5.995</b>
COOP LIGURIA SOCIETA' COOPERATIVA DI CONSUMO	COOP LIGURIA SOCIETA' COOPERATIVA DI CONSUMO	Owner	3.568	3.568
	<b>Total</b>		<b>3.568</b>	<b>3.568</b>
NORGES BANK	NORGES BANK	Owner	2.646	2.646
	<b>Total</b>		<b>2.646</b>	<b>2.646</b>
COOP LOMBARDIA SOC. COOP.	COOP LOMBARDIA SOC. COOP.	Owner	2.200	2.200

	<b>Total</b>		<b>2.200</b>	<b>2.200</b>
UNICOOP TIRRENO SOC. COOP.	UNICOOP TIRRENO SOC. COOP.	Owner	1.690	1.690
	<b>Total</b>		<b>1.690</b>	<b>1.690</b>

Unipol is not controlled by any party, either individually or jointly.

Under Article 2497-*bis* of the Italian Civil Code, the Subsidiaries of Unipol have indicated the latter as exercising direction and coordination on the same.

On 15 December 2017, the non-proportional global spin-off of the former holding company Finsoe (the “Finsoe Spin-off”) became effective in favour of as many beneficiary companies - established during the spin-off - as there were Finsoe shareholders at the effective date, each of which became 100% owner of the share capital of just one of the beneficiary companies. On 13 December 2017, a large majority of the beneficiary companies - along with the respective former Finsoe shareholders (all signatories, jointly, the “Parties to the Agreement”) and as of the effective date of the Finsoe Spin-off - entered into a shareholders’ agreement pursuant to Article 122 of the Consolidated Law on Finance (the “Shareholders’ Agreement”), which is classified as a voting and lock-up agreement on the Unipol shares restricted by it. The Unipol Shareholders Agreement substantially re-proposes the governance of the former Finsoe, without any of the Parties to the Agreement having control, either individually or jointly, over UG. The essential information relating to the Shareholders’ Agreement can be found on the UG’s website. Some of the former Finsoe shareholders that are Parties to the Agreement hold additional stakes in UG not covered by the Shareholders’ Agreement, equal to a total of 17.82% of the share capital. After the conclusion of the Shareholders’ Agreement, some of the aforementioned beneficiary companies merged by incorporation with their respective parent companies, which therefore adhere directly to the Shareholders’ Agreement.

## CORPORATE GOVERNANCE

### Overview

Corporate governance rules for Italian companies whose shares are listed on the Italian Stock Exchange, such as UG, are contained in the Italian Civil Code, in the Financial Services Act, CONSOB Regulation No. 11971 of 14 May 1999, as amended (**Regulation No. 11971**) and the voluntary Corporate Governance Code issued by Borsa Italiana S.p.A.

UG has adopted a "traditional" system of corporate governance, based on a conventional organisational model involving Shareholders' Meetings, a Board of Directors, a Board of Statutory Auditors and Independent Auditors.

Pursuant to its by-laws, the management of UG is entrusted to a collegial body made up of no less than 15 and no more than 25 members (including the independent directors in accordance with applicable law and regulations), appointed by the Shareholders' Meeting (collectively the “**Board of Directors**” and each member so appointed a “**Director**”).

Directors are appointed for a term of three years, or for a shorter period determined by the shareholders' meeting when appointing them, and they may be reappointed. UG's by-laws provide for a voting list system for the appointment of all members of the Board of Directors.

The Board of Directors has the widest possible powers to perform the ordinary and extraordinary tasks involved in managing UG. It is authorised to take all the steps that it deems appropriate in order to achieve UG's aims and corporate objectives, with the sole exception of the powers expressly reserved by law and by UG's by-laws to the shareholders' meeting. In addition, UG's by-laws confer upon the Board of Directors the power to, *inter alia*, resolve upon the following matters: (a) mergers and demergers with subsidiaries, where permitted by applicable laws; (b) decrease of share capital, in case of shareholder withdrawal; (c) amendments of the by-laws in order to comply with mandatory applicable legal provisions.

The Board of Directors is also in charge to approve the sustainability strategy integrated into the three-year business plans, the Sustainability Policy and all the policies established to manage ESG factors in the main company processes.

The Sustainability Policy approved by the Board of Directors translates the Core Values laid down in the Code of Ethics of the Unipol Group into specific commitments, taking UN Global Compact and SDGs as references. Through the Sustainability Policy, the Group undertakes to protect fundamental human rights, safeguard the environment and fight against climate change, improving the ESG Risks management.

Pursuant to UG's by-laws, the board of statutory auditors (*collegio sindacale*) is composed of three auditors and two alternate auditors, each of whom shall meet the requirements provided for by applicable law and UG's by-laws (collectively, the “**Board of Statutory Auditors**”). All members of the Board of Statutory Auditors are appointed by the Shareholders' Meeting for three years and can be reappointed. UG's by-laws provide for a voting list system for the appointment of all member of the Board of Statutory Auditors. The alternate auditors on the same list will automatically replace any statutory auditor who resigns or who is otherwise unable to serve as a statutory auditor.

The Board of Statutory Auditors supervises compliance with the law and by-laws, respect for the principles of good administration and, in particular, whether the organisational, administrative and accounting structure adopted by the Board of Directors is appropriate and operating as it should.

Within UG the composition of both the Board of Directors and the Board of Statutory Auditors respects the gender proportion laid down by the laws, regulations in force.

## Board of Directors

The Shareholders' meeting held on 18 April 2019 appointed UG's current Board of Directors for a period of three financial years. Unless their term of office is terminated early, all the members will remain in office until the Shareholders' meeting called to approve UG's financial statements for the financial year ending 31 December 2021.

The following table sets out the current members of the UG Board of Directors.

Name	Position
Pierluigi Stefanini	Chairman
Ernesto Dalle Rive	Deputy Chairman
Carlo Cimbri	Chief Executive Officer, Group CEO and General Manager
Paolo Alemagna	Director
Gianmaria Balducci	Director
Roberta Datteri	Director
Patrizia De Luise	Director
Massimo Desiderio	Director
Daniele Ferré	Director
Giuseppina Gualtieri	Director
Pier Luigi Morara	Director
Antonietta Mundo	Director
Milo Pacchioni	Director
Maria Antonietta Pasquariello	Director

Roberto Pittalis (1)	Director
Annamaria Trovò	Director
Adriano Turrini	Director
Rossana Zambelli	Director
Carlo Zini	Director

1. Roberto Pittalis was appointed by the Shareholders' meeting held on 30 april 2020, in place of former Director Francesco Berardini, passed away this year.

The business address of the members of the Board of Directors is the Issuer's registered office at Via Stalingrado 45, 40128 Bologna, Italy.

#### ***Other offices held by members of the Board of Directors***

The table below lists the offices held by the members of UG's Board of Directors on the boards of directors, boards of statutory auditors, supervisory committees or other positions other than within UG.

<b>Name</b>	<b>Position</b>	<b>Main positions held by Directors outside UG</b>
Pierluigi Stefanini	Chairman	Deputy Chairman of UnipolSai Assicurazioni S.p.A.; Chairman of ASviS (Italian alliance for sustainable development); Chairman of the Unipolis Foundation; Chairman of EURESA GEIE S.A.
Ernesto Delle Rive	Deputy Chairman	Director of UnipolSai Assicurazioni S.p.A.; Chairman, Chief Executive and General Manager of Nova Coop Soc. Coop.; Director of Coop Italia Soc. Coop.
Carlo Cimbri	Chief Executive Officer, Group CEO and General Manager	Chairman of UnipolSai Assicurazioni S.p.A.; Director of RCS Media Group; Director of Euresa GEIE S.A.; Director of CENSIS Foundation (Fondazione Centro Studi Investimenti Sociali); Chairman of Istituto Europeo di Oncologia S.r.l.

Paolo Alemagna	Director	Director of Coop Italia S.c.a.r.l.
Gianmaria Balducci	Director	Chairman of CEFLA Soc. Coop.; Chairman of Primavera S.r.l.; Director of Bryo S.p.A. ; Director of Asscooper Consorzio Coop a.r.l.; Director of Immobiliare Diamantina S.r.l.; Director of Coopfond S.p.A.; Director of Sorveglianza di Consorzio Integra Soc. Coop.; Director of CRIT (Center of <del>Research and Technological Innovation</del> )
Roberta Datteri	Director	Chair of the “Umbriarreda” Business Network; Member of the Regional Presidency CNA Umbria (National Confederation of Crafts and Small and Medium Enterprise); Chairman of Progetto Impresa S.r.l.; Chairman of CNA Umbria Holding S.r.l.; Member of the Perugia Chamber of Commerce; Director of Fidimpresa Umbria; Member of the Steering Committee of Fondazione Cassa di Risparmio Perugia; Member of the National CNA (Italian Craft Confederation); Presidency - Deputy Chair in charge of Internationalisation (Member of the National Board since
Patrizia De Luise	Director	Chamber of Commerce Council Member of the Province of Genoa; Chairman of the National Committee of Confesercenti; Chairman of Confesercenti d’Area delle Riviere di Liguria
Massimo Desiderio	Director	//
Daniele Ferré	Director	Chairman of Coop Lombardia Soc. Coop.; Director of Coop Italia Soc. Coop.; Deputy Chairman of Coop Consorzio Nord Ovest S.c. a r. l.; Chairman of Immobiliare Stella di Natale S.r.l.; Director of Milan International Fair Foundation; Chairman of Energya S.p.A.

Giuseppina Gualtieri	Director	Chairman and Chief Executive Officer of TPER S.p.A. – Trasporti Passeggeri Emilia Romagna; Deputy Chairman of ASSTRA - National Association for Local Public Transport; Director of SETA S.p.A. - Società Emiliana Trasporti Autofiloviari; Director of AIL Bologna Association; Member of the General Council of Confindustria Emilia; Director of Trenitalia TPER S.c. a r.l.; Member of the European Committee of UITP - International Association of Public Transport.; Director of Holding Emilia Romagna Mobilità S.r.l.; Chairman of Impronta Etica.
Pier Luigi Morara	Director	Director of Coop Reno Soc. Coop.; Management Advisor of Consorzio Nazionale Servizi Soc. Coop.; Director of Doxee S.p.A.
Antonietta Mundo	Director	//
Milo Pacchioni	Director	Director of FINPRO Soc. Coop.; Director of Sofinco S.p.A.; Chairman and Chief Executive Officer of Assicoop Modena&Ferrara S.p.A.; Sole Director of Serena 2050 S.r.l.; Chairman of Unibon S.p.A.; Chairman of Pegaso Finanziaria S.p.A.; Chairman of Cooperare S.p.A.; Sole Director of Opera Prima S.r.l.; Director of Aesculapio S.r.l.; Director of Assicoop Emilia Nord S.r.l.; Chairman of the Board of Auditors of Atrikè S.p.A.;
Maria Antonietta Pasquariello	Director	//
Roberto Pittalis	Director	Director of UnipolSai Assicurazioni S.p.A.; Chairman of Coop Liguria Soc. Coop. di Consumo as well as Head of Administration, Planning and Management Control; Chairman of Talea S.p.A.; Director of Coop Consorzio Nord Ovest Soc. Consortile a r.l.

#### ***Committees of the Board of Directors***

Under the authority conferred on it by UG's by-laws, the Board of Directors has deemed it appropriate to set up specific internal committees consisting of some of its members in order to increase the efficiency and the effectiveness of its activities. Such committees have a propositional and advisory role.

As at the date of this Base Prospectus, the following committees have been created within the Board of Directors:



- **Chairman's Committee** (*Comitato di Presidenza*), exercising advisory functions. In particular it operates in the identification of development policies and guidelines for the operational and strategic plan to be submitted to the Board of Directors. The Chairman's Committee is composed of the Chairman and the Deputy Chairman of the Board of Directors, the Chief Executive Officer and other Directors appointed by the Board of Directors;
- **Nomination and Corporate Governance Committee** provides proposals and advice in the identification of the optimal composition of the Board of Directors and in the shaping of the corporate system of governance. In particular, the Nomination and Corporate Governance Committee (i) submits to the Board of Directors candidates for directors offices in case of replacement of independent directors, (ii) oversees the annual board performance evaluation and (iii) provides its opinions to the Board of Directors regarding the size and composition of the Board itself as well as the skills and professional qualifications of its members. The Committee also assists the Board on the implementation of the corporate governance system and on the development of corporate governance regulation or best practice.

The Board of Directors has appointed as members of the Nomination and Corporate Governance Committee Mr. Pierluigi Stefanini (as Chairman), Ms. Roberta Datteri and Ms. Patrizia De Luise.

- **Remuneration Committee** assists the Board with preliminary activities, proposals and advice concerning remuneration, providing, among other things, suggestions on the Remuneration Policy for Directors and Key Management Personnel (including the Managers of the Audit, Compliance, Anti-Money Laundering and Risk Management Functions) adopted by the Company and by its Subsidiaries.

The Board of Directors has appointed as members of the Remuneration Committee Ms. Giuseppina Gualtieri (as Chairman), Ms. Patrizia De Luise and Mr. Pier Luigi Morara.

- **Control and Risks Committee** has an advisory, consultative and investigatory role and assists the Board of Directors in its decisions relating mainly with the internal control and the risk management system as well as the approval of the regular accounting documents.

The Board of Directors has appointed as members of the Control and Risks Committee Ms. Rossana Zambelli (as Chairman), Mr. Massimo Desiderio and Ms. Anna Maria Trovo'.

- **Sustainability Committee**, has exploratory, propositional and advisory functions; in particular, the Committee (i) reviews the guidelines and the methodology adopted for the preparation of the Sustainability commitments which contribute to the Business Plan, (ii) reviews the draft methodology used in the preparation of the Sustainability Budget, (iii) draws up regular updates on the main activities of preparation for the full achievement of the Group's Sustainability objectives, (iv) provides opinions to the Chairman and CEO and Group CEO on specific methods to provide information on, and issue the Sustainability Plan and the Sustainability Report, and (v) promotes regular monitoring of the appropriate alignment of the Sustainability KPIs with the operational and business activities of the Group;

The Board of Directors has appointed as members of the Sustainability Committee Mr. Pierluigi Stefanini (as Chairman), Ms. Antonietta Mundo and Ms. Maria Antonietta Pasquariello.

- **Related Party Transaction Committee** provides advice to the Board of Directors and the various UG entities and subsidiaries in respect of transactions with related parties, in accordance with CONSOB Regulation No. 17221 of 12 March 2010, as amended and supplemented and the internal procedure adopted by the Board of Directors.

The Board of Directors has appointed as members of the Related Party Transactions Committee Ms. Giuseppina Gualtieri (as Chairman), Mr. Massimo Desiderio, Ms. Maria Antonietta Pasquariello and Ms. Rossana Zambelli.

- **Ethics Committee** assists with advice, proposals and resolutions concerning the content and the purpose of the Code of Ethics of the Unipol Group and it is responsible for the promotion, proper interpretation and implementation of the same, alongside the Ethics Officer.
- The Board of Directors has appointed as members of the Ethics Committee Mr. Pier Luigi Morara (as Chairman), Ms. Patrizia De Luise and Ms. Maria Antonietta Pasquariello.

### Top managers

The following table enlists the top managers of UG each of which is vested with key function:

Name	Position
Carlo Cimbri	Chief Executive Officer, Group CEO and General Manager
Roberto Giay	Group General Manager
Renzo Avesani	Chief Innovation Officer
Riccardo Baudi	Chief Investment Officer
Andrea Brunialti	Actuarial Function
Maurizio Castellina	Financial Reporting Officer; Administration, Planning and Operations Area General Manager
Vittorio Corsano	Chief Strategic Planning and Organisation Officer
Paolo De Collibus	Chief Legal Officer
Gian Luca De Marchi	Head of Risk Management and Chief Risk Officer
Alfonso Galante	Chief Strategic Equity Officer
Matteo Laterza	Insurance Group General Manager
Marisa Parmigiani	Chief Sustainability Officer
Fulvia Pirini	Chief Corporate Affair Officer
Pietro Ranieri	Head of Compliance and Anti-Money Laundering
Enrico San Pietro	Insurance Area Co-General Manager (within UnipolSai)
Gian Luca Santi	Business Development and Corporate Communication General Manager
Giuseppe Santella	Group Global Counselor
Giovanni Siciliano	Chief Regulation and Economic Studies Officer
Mario Vidale	Head of Audit
Walter Visani	Ethics Officer and Data Protection Office (DPO)

The business address of each of the above individuals is the Issuer's registered office at Via Stalingrado 45, 40128 Bologna, Italy.

There are no actual or potential conflicts of interest between the duties of any of the above top managers to UG and their private interests or other duties.

The above individuals taken together do not constitute a management body within the meaning of Commission Regulation (EC) 809/2004.

### **Board of Statutory Auditors**

The current Board of Statutory Auditors consists of three auditors and two alternate auditors. The shareholders' meeting held on 18 April 2019 appointed UG's Board of Statutory Auditors for a term of three financial years, until the shareholders' meeting called to approve UG's financial statements for the financial year ending 31 December 2021.

The following table sets out the current members of UG's Board of Statutory Auditors:

<b>Name</b>	<b>Position</b>
Mario Civetta	Chairman
Silvia Bocci	Member
Roberto Chiusoli	Member
Massimo Gatto	Alternate Auditor
Rossella Porfido	Alternate Auditor

The business address of the members of the Board of Statutory Auditors is the Issuer's registered office at Via Stalingrado 45, 40128 Bologna, Italy.

### ***Board of Statutory Auditors' other offices***

The principal business activities, experience and other principal directorships, if any, of each of the members of the Board of Statutory Auditors are summarised below.

<b>Name</b>	<b>Position</b>	<b>Main positions held by Statutory Auditors outside UG</b>
<b>Mario Civetta</b>	Chairman	Chairman of the Board of Auditors of "IFA" International Fiscal Association, Italian section; Chairman of the General Council of Fondazione Telos; Chairman of the Board of Statutory Auditors of RHEA System S.p.A.; Statutory Auditor of Bulgari Accessori S.r.l.; Chairman of the Board of Auditors of Convert Italia S.p.A.; Statutory Auditor of Bulgari Gioielli S.p.A.; Statutory Auditor of Bulgari Italia S.p.A.; Statutory Auditor of ILSERV S.r.l.; Chairman of the Board of Auditors of Terna Interconnector S.r.l.; Statutory Auditor of Agricola Lieta S.p.A.; Statutory Auditor of Visconti Cesi S.r.l.; Chairman of the Board of Statutory Auditors of Cinecittà Centro Commerciale S.r.l.; Statutory Auditor of Bulgari S.p.A.; Statutory Auditor of Bulgari Hotels and Resorts Milano S.r.l.; Statutory Auditor of Aurelia 80 S.p.A.; Director of FIN GO&FUEL S.p.A.; Statutory Auditor of Casa di Cura Città di Roma S.p.A.; Statutory Auditor of Compagnia Generale Telemar S.p.A.; Statutory Auditor of Romana Diesel S.p.A.; Statutory Auditor of Società Editrice del Periodico Il Foro Italiano S.r.l.; Statutory Auditor of Marilink S.p.A.; Statutory Auditor of Palazzo Adriano S.r.l.

<b>Silvia Bocci</b>	Member	Statutory Auditor of UnipolSai Assicurazioni S.p.A.; Chairman of the Board of Auditors of E.S.TR.A. Elettricità S.p.A.; Chairman of the Board of Auditors of Piceno Gas Vendita S.r.l.; Chairman of the Board of Auditors of SO.RI. S.p.A.; Statutory Auditor of BESTE S.p.A.; Statutory Auditor of G.I.D.A. S.p.A.; Statutory Auditor of 5 EFFE C S.p.A.; Chairman of the Board of Auditors of Società della Salute Area Pratese; Chairman of the Board of Auditors of Centro Oncologico Fiorentino in liquidation; Chairman of the Board of Auditors of Casa di Cura Villa Donatello S.p.A.; Statutory Auditor of Consiag S.p.A.; Sole Director of Gestioni GEPA S.r.l.; Sole Director of Immobiliare Vally S.r.l.; Deputy Chairman of PIN S.c. a r.l.; Independent Auditor of Estracom S.p.A. Statutory Auditor of Formazione Innovazione Lavoro S.r.l.
<b>Roberto Chiusoli</b>	Member	Chairman of the Board of Auditors of Granarolo S.p.A.; Statutory Auditor of SACMI Imola Soc. Coop.; Statutory Auditor of Consorzio Castello, Statutory Auditor of Immobiliare di Grande Distribuzione S.p.A.; Chairman of the Board of Auditors of CAMST S.c. a r.l.; Statutory Auditor of Banca di Bologna Real Estate S.p.A.; Statutory Auditor of Compagnia Assicuratrice Linear S.p.A.; Statutory Auditor of Sinergo S.p.A.; Chairman of the Board of Statutory Auditor of Consorzio Integra Soc.Coop.; Chairman of the Board of Statutory Auditor of Robin Tour S.p.A.; Chairman of the Board of Statutory Auditor of Unipol Investment S.r.l.; Chairman of the Board of Auditors of Gruppo UNA S.p.A.; Chairman of the Board of Auditors of Casa di Cura Villa Donatello S.p.A; Chairman of the Board of Statutory Auditor of Unipol Finance S.r.l.; Statutory Auditor of SIAT S.p.A.; Statutory Auditor of AlfaEvolution Technology S.p.A.; Chairman of the Board of Statutory Auditors of UnipolPart I S.p.A.; Chairman of the Board of Statutory Auditors of UnipolSai Servizi Consortili S.c. a r.l.; Statutory Auditor of Coop Alleanza 3.0 Soc. Coop.; Chairman of the Board of Auditors of SACMI Service S.p.A. Chairman of the Board of Auditors of CEFLA Soc. Coop.
<b>Massimo Gatto</b>	Alternate Auditor	Chairman of the Board of Auditors of Collegamenti Integrati Veloci S.p.A.; Statutory Auditor of Finecobank S.p.A.; Statutory Auditor of MARR S.p.A.
<b>Rossella Porfido</b>	Alternate Auditor	Statutory Auditor of APB Car Service S.r.l.; Statutory Auditor of Arper S.p.A.; Statutory Auditor of Auto Presto e Bene S.p.A.; Statutory Auditor of Centri Medici Dyadea S.r.l.; Statutory Auditor of Del.Pav S.r.l.; Statutory Auditor of Gruppo UNA S.p.A.; Statutory Auditor of UnipolRental S.p.A.; Statutory Auditor of UnipolSai Investimenti SGR S.p.A.

#### **Surveillance Body/Model pursuant to Legislative Decree No. 231/2001**

Legislative Decree No. 231 of 8 June 2001, as amended (**Legislative Decree No. 231/2001**) introduced into the Italian legal system a specific type of corporate liability for certain criminal offences committed in the interests or for the benefit of corporate and other legal entities. In accordance with the provisions of Legislative Decree No. 231/2001, UG has adopted appropriate measures aimed at preventing the commission of any offence by directors, auditors, management or employees.

On 22 December 2016, the Board of Directors of UG approved an amendment to the organisational and management model as per Legislative Decree No. 231/2001 (the **Model**). The Model provides for, *inter alia*, the establishment of a surveillance body (the **Surveillance Body**).

The current Surveillance Body is composed of five members, being (i) three members of the Control and Risks Committee, non-executive and independent Directors; and (ii) two members external experts or representing top management as heads of the compliance and auditing departments.

Each insurance and financial company within the Group has adopted its own Model, pursuant to the guidelines supplied by UG.

### **Potential conflicts of interest**

The Directors and the Statutory Auditors of UG, may, from time to time, hold directorships or other significant interest with companies outside the Group, which may have business relationships with the Group. UG has in place procedures aimed at identifying and managing any conflicts or potential conflicts of interests, to ensure where possible that no actual or potential conflicts of interest will arise.

As at the date of this Base Prospectus, there are no actual or potential conflicts of interest between the duties of the members of the Board of Directors and the Board of the Statutory Auditors to UG and their private interests or other duties.

### **Transactions with related parties**

The “Procedure for related party transactions” (the **Related Parties Procedure**), prepared in accordance with Article 4 of Consob Regulation no. 17221 of 12 March 2010 and subsequent amendments (the **Consob Regulation**), was updated by the Board of Directors on 7 November 2019, following opinion in favour by the Related Party Transactions Committee with immediate effect. In turn, the Board of Statutory Auditors of the Company expressed its opinion in favour on the compliance of the Procedure with the principles indicated in the Consob Regulation.

The Related Parties Procedure, published on UG’s website in the “Governance/Related Party Transactions” section, defines the rules, methods and principles that ensure the transparency and substantive and procedural fairness of the transactions with related parties carried out by UG, either directly or through its subsidiaries.

### **Internal control and risk management system**

The solvency of the insurance business and its stability depend on solid corporate governance and a properly functioning internal control and risk management system. UG has adopted an internal control and risk management system with the aim of ensuring that the main risks it and its subsidiaries are exposed to are correctly identified, measured, managed and monitored. The system also comprises a set of rules, procedures and organisational units aimed at, *inter alia*, (i) ensuring the effectiveness and efficiency of the corporate processes; (ii) preventing the risk of involvement in illegal activities, in particular those related to money laundering, usury and terrorism financing; (iii) preventing potential conflicts of interests with related and associated parties and the correct management thereof; (iv) ensuring the reliability and completeness of information provided to the corporate bodies and the market; (v) ensuring the compliance of business activities and transactions carried out on behalf of customers with laws and regulations, corporate governance codes and internal company provisions.

The internal control and risk management system undergoes regular assessment and review in line with the development of business operations and the reference context.

As part of its internal control and risk management system, UG has in place Corporate Control Functions (Risk Management, Internal Audit, Compliance and Actuarial) which they are responsible for UG itself and also guide and coordinate the corresponding functions within the Group.

In addition to the Corporate Control Functions, other bodies and entities are involved in the internal control and management system: the Board of Statutory Auditors, the board committees, senior management, the surveillance body set up pursuant to Legislative Decree 231/2001, the manager in charge of financial reporting and Anti-Money Laundering Function.

A basic description of the Corporate Control Functions and the Anti-Money Laundering Function is provided below, with the specification that, as things currently stand, the anti-money laundering manager performs his activities within the broader Compliance and Anti-Money Laundering Function.

### **Audit Function**

The Audit Function assesses and monitors, also at Group level, the effectiveness, efficiency and adequacy of the internal control system and the additional components of the system of governance, according to the nature of the business activities and the level of risks undertaken, as well as its updating, also through support and advisory activities provided to other company functions.

### **Risk Management Function**

The Risk Management Function supports the Board of Directors, the Appointed Director and Top Management in the evaluation, including at Group level, of the design and effectiveness of the risk management system; it reports any deficiencies and suggests ways of resolving them, as well as the methodologies and methods used, in particular within the internal risk and solvency assessment, for the management of such risks. It is responsible for the implementation of the risk management system at Group level, and contributes also to pursuing its objectives.

### **Compliance Function**

The Compliance Function is in charge of evaluating, including at Group level, with a risk-based approach, the adequacy of procedures, processes, policies, and internal organisation to prevent the risk of non-compliance, *i.e.* the risk of incurring judicial or administrative sanctions, significant financial losses or reputational damage as a result of the failure to observe laws, regulations and directly applicable European regulations or rulings of Supervisory Authorities, and self-regulation (e.g. by-laws, ethics codes, self-governance codes, internal policies and corporate communications); compliance risk is also considered the risk arising from unfavourable changes in the regulatory framework or case law orientation.

### **Anti-Money Laundering Function**

The Anti-Money Laundering Function supports the Board of Directors, the Appointed Director and the Top Management in order to continuously verify that the business procedures adopted by the Insurance Companies are consistent with the aim of preventing and combatting the violation of external provisions (laws and regulations) and internal regulations on the prevention of money laundering risk; for details on directives regarding the organisation and system of internal controls overseeing the risk of money laundering, please refer to the specific Policy on anti-money laundering and combatting terrorist financing in force within the Group and the attached Regulation of the Anti-Money Laundering Function.

### **Actuarial Function**

The Actuarial Function has the main task of verifying, pursuant to Solvency II provisions, the suitability of the technical provisions, the reliability and adequacy of the data used to calculate these provisions and assessing the suitability of the overall underwriting policy and the reinsurance agreements, pursuant to the provisions of Legislative Decree No. 209 of 7 September 2005, as amended, implementing the Solvency II Directive. The Actuarial Function reports directly to the Board of Directors to whom it delivers a written report annually documenting all activities carried out and their outcome, identifying any significant deficiency, also in regard to the quality of the data, and recommending ways to address them and to increase the quality and quantity of available data. The Actuarial Function also reports promptly to the Board on any element identified as a result of activities carried out that may have a significant impact on the financial condition of the company.

The Actuarial Function is responsible, with reference to the Group, for coordinating the calculation of technical provisions, assessing the adequacy of the methodologies, models and assumptions on which this calculation is based and evaluating the sufficiency and quality of the utilised data.

## **Ethics Officer**

The Ethics Officer of UG assists the Ethics Committee of UG, that oversees and guarantees respect for the Code of Ethics in all UG's companies, investigating and evaluating any report on alleged non-compliance and alleged infringement of the Code of Ethics from various stakeholders.

## **Independent auditors**

The independent auditors ascertain whether the accounting records are properly maintained and faithfully record the results of operations. They also determine whether the statutory financial statements and the consolidated financial statements are consistent with the data contained in the accounting records and the results of their audits and whether they comply with the requirements of the applicable statutes. They may also perform additional reviews required by industry regulations and provide additional services that the Board of Directors may ask them to perform, provided they are not incompatible with their audit assignment.

UG's current independent auditors are PricewaterhouseCoopers S.p.A., with registered office at Via Monte Rosa, 91, 20149 Milan (**PwC**).

PwC is registered under No. 119644 in the Register of Accountancy Auditors (*Registro Revisori Legali*) kept by the Italian Ministry of Economy and Finance, in compliance with the provisions of Legislative Decree no. 39 of 27 January 2010. PwC is also a member of the ASSIREVI (*Associazione Nazionale Revisori Contabili*), the Italian association of auditing firms.

PwC's current appointment was conferred for the period 2012 to 2020.

## **SUSTAINABILITY AND ESG MANAGEMENT**

The Issuer was the first operator in the insurance market to adopt non-financial reporting (First Social Report of Unipol Assicurazioni S.p.a. was published in 1993) and to establish a specific CSR Board Committee in 2009. The Board of Directors, Board Committees and Top Management oversee sustainability governance.

The Issuer conducts a solid ESG integration approach, namely:

- Group Sustainability Policy, approved by the Board in March 2018, through which the Group undertakes to protect fundamental human rights, safeguard the environment and fight against climate change, improving the ESG Risks management;
- ESG risks and opportunities management integrated in main business Policies approved by the Board of Directors: Risk, Investment, Underwriting, Outsourcing, Personal Data protection and enhancement.

Climate strategy includes:

- decarbonisation of new investments and support to low-carbon economy transition through responsible investments;
- development of products and services aimed to increase customer adaptation capacity and resilience and exclusion of coal mining companies from underwriting activities;
- commitment to reduce direct environmental impacts by decreasing the average CO<sub>2</sub> production per employee for all Group companies by -7% from the value of the base year 2018 to the end of the Strategic Plan in 2021.

## **LEGAL PROCEEDINGS**

As part of the ordinary course of business, UG and its Subsidiaries are and may in the future be subject to a number of civil, administrative, tax, regulatory and criminal proceedings relating to their activities. UG has conducted a review of its ongoing litigation and has made what it considers to be appropriate provisions in its consolidated financial statements when a loss is certain or probable and reasonably estimable, in accordance with applicable accounting principles in accordance with the principles and procedures governing the preparation of financial statements..

Notwithstanding the foregoing, it cannot be excluded that the occurrence of new developments, facts and circumstances that, as at the date of this Base Prospectus, are not predictable may result in such provisions being inadequate. In certain cases, where the negative outcome of disputes was considered to be only a remote possibility, no specific provisions were made in the Issuer's consolidated accounts. In addition, UG and its Subsidiaries are and may be involved in certain proceedings for which no provisions for contingent liabilities were made as the impact of any negative outcome could not be estimated.

For further information on legal proceedings involving the companies belonging to the UG Group, see (a) the section headed "*Notes to the Statement of Financial Position – Ongoing disputes and contingent liabilities*" on pages 173 to 178 of the audited consolidated financial statements of the Issuer as at and for the financial year ended 31 December 2019 and (b) the section headed "*Notes to the Statement of Financial Position – On going disputes and contingent liabilities*" on page 59 of the unaudited consolidated semi-annual financial statements as at 30 June 2020 which are incorporated by reference into this Base Prospectus (see "*Documents Incorporated by Reference*" above).



## TAXATION

*The following is a general description of certain Italian, EU and United States tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.*

### Taxation in the Republic of Italy

#### *Tax treatment of the Notes*

Legislative Decree No. 239 of 1 April 1996, as subsequently amended (**Decree 239**) provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the repayment amount and the issue price) from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli simili alle obbligazioni*), issued, *inter alia*, by Italian companies with shares traded in an EU or EEA regulated market. For this purpose, bonds and debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at redemption or maturity, an amount not lower than their nominal value and which do not grant the holder any direct or indirect right of participation in (or control of) the management of the Issuer.

#### *Italian resident Noteholders*

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

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the *imposta sostitutiva*, on interest, premium and other income relating to the Notes if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth under Italian Law.

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

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into Law No. 410 of 23 November 2001 (**Decree 351**), Law Decree No. 78 of 31 May 2010, converted into Law No. 122 of 30 July 2010 and Legislative Decree No. 44 of 4 March 2014, all as amended, Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 14-bis of Law No. 86 of 25 January 1994 or to Italian real estate investment companies with fixed capital (**Real Estate**

**SICAFs**) are subject neither to *imposta sostitutiva* nor to any other income tax in the hands of a real estate investment fund or the Real Estate SICAF, to the extent the Notes are deposited with an authorised intermediary.

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

Where an Italian resident Noteholder is a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, interest, premium and other income relating to the Notes and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, interest, premium and other income relating to the Notes may be excluded from the taxable base of the 20 per cent. substitute tax if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth under Italian law.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Economy and Finance (each an **Intermediary**).

An Intermediary must: (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary or be an entity or a company not resident in Italy, acting through a system of centralised administration of securities and directly connected with the Department of Revenue of Italian Ministry of Finance having appointed an Italian representative for the purposes of Decree 239; and (b) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

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

#### *Non-Italian resident Noteholders*

Where the Noteholder is a non-Italian resident, without a permanent establishment in Italy to which the Notes are connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either: (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy as listed in the Italian Ministerial Decree of 4 September 1996, as amended by Ministerial Decree of 23 March 2017 and possibly further amended by future decrees issued pursuant to Article 11(4)(c) of Decree 239 (as amended by Legislative Decree No. 147 of 14 September 2015) (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) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) an institutional investor which is resident in a country which is included in the White List, even if it does not possess the status of a taxpayer in its own country of residence.

The *imposta sostitutiva* will be applicable at the rate of 26 per cent. (or at the reduced rate provided for by the applicable double tax treaty, if any) to interest, premium and other income paid to Noteholders who are resident, for tax purposes, in countries which do not allow for a satisfactory exchange of information with Italy.

In order to ensure gross payment, non-resident investors must be the beneficial owners of payments of interest, premium or other income and (a) deposit, directly or indirectly, the Notes, or the coupons with a bank or a SIM or a

permanent establishment in Italy of a non-resident bank or SIM or with a non-resident operator of a clearing system having appointed as its agent in Italy for the purposes of Decree 239 a resident bank or SIM or a permanent establishment in Italy or a non-resident bank or SIM which are in contact via computer with the Ministry of Economy and Finance and (b) file with the relevant depositary, prior to or concurrently with the deposit of the Notes, a statement of the relevant Noteholder, to be provided only once, until revoked or withdrawn, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy or in the case of foreign Central Banks or entities which manage the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001.

### **Atypical Securities**

Interest payments relating to Notes that are not deemed to be bonds (*obbligazioni*), debentures similar to bonds (*titoli similari alle obbligazioni*), shares or securities similar to shares pursuant to Article 44 of Presidential Decree No. 917 of 22 December 1986 may be subject to a withholding tax, levied at the rate of 26 per cent. For this purpose, debentures similar to bonds are securities that incorporate an unconditional obligation to pay, at redemption or maturity, an amount not lower than their nominal value and which do not grant the holder any direct or indirect right of participation in (or control of) the management of the Issuer.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from Italian withholding tax on proceeds received under Notes classifying as atypical securities, if the Notes are included in a long-term savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth under Italian Law.

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

### **Capital gains tax**

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

Where an Italian resident Noteholder is: (i) an individual not holding the Notes in connection with an entrepreneurial activity; (ii) a non-commercial partnership; or (iii) a non-commercial private or public institution, any capital gain realised by such Noteholder from the sale or redemption of the Notes would be subject to an *imposta sostitutiva*, levied at the current rate of 26 per cent. Noteholders may set off losses with gains.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from Italian capital gain taxes, including the *imposta sostitutiva*, on capital gains realised upon sale or redemption of the Notes, if the Notes are included in a

long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth under Italian law.

In respect of the application of the *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below.

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Italian resident Noteholder listed under items from (i) to (iii) above pursuant to all sales or redemptions of the Notes carried out during any given tax year. Taxpayers must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

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

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

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

Any capital gains realised by a Noteholder which is an Italian pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to the 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, interest, premium and other income relating to the Notes may be excluded from the taxable base of the 20 per cent. substitute tax if the Notes are included

in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements from time to time applicable as set forth under Italian law.

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

Capital gains realised by non-Italian resident Noteholders without a permanent establishment in the Republic of Italy to which the Notes are effectively connected from the sale, early redemption or redemption of Notes issued by an Italian resident Issuer are not subject to Italian taxation, provided that the Notes are traded on regulated markets.

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

If none of the conditions above are met, capital gains realised by non-Italian resident Noteholders from the sale or redemption of Notes issued by an Italian resident Issuer are subject to the *imposta sostitutiva* at the current rate of 26 per cent. In any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are connected, that may benefit from a double taxation treaty with Italy providing that capital gains realised upon the sale, early redemption or redemption of Notes are to be taxed only in the country of tax residence of the recipient, will not be subject to *imposta sostitutiva* in Italy on any capital gains realised upon the sale, early redemption or redemption of Notes.

### **Inheritance and gift taxes**

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

- (a) transfers in favour of spouses and direct descendants or direct ancestors are subject to an inheritance and gift tax applied at a rate of 4 per cent. on the value of the inheritance or the gift exceeding, for each beneficiary, €1,000,000;
- (b) transfers in favour of relatives to the fourth degree or relatives-in-law to the third degree, are subject to an inheritance and gift tax applied at a rate of 6 per cent. on the entire value of the inheritance or the gift.

Transfers in favour of brothers/sisters are subject to the 6 per cent. inheritance and gift tax on the value of the inheritance or the gift exceeding, for each beneficiary, €100,000; and

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

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

### **Transfer tax**

Contracts relating to the transfer of securities are subject to the following registration tax: (i) public deeds and notarised deeds are subject to fixed registration tax at a rate of €200; and (ii) private deeds are subject to registration tax only in case of use (*caso d'uso*) or in case of explicit reference (*enunciazione*) or voluntary registration.

### **Stamp duty**

Pursuant to Article 19(1) of Decree No. 201 of 6 December 2011 (**Decree 201**), a proportional stamp duty applies on an annual basis to the periodic reporting communications sent by financial intermediaries to their clients for the Notes deposited therewith. The stamp duty applies at a rate of 0.2 per cent. and cannot exceed €14,000 for taxpayers different from individuals; this stamp duty is determined on the basis of the market value or – if no market value figure is available – the nominal value or redemption amount of the Notes held.

Based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, the stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on 29 July 2009, as subsequently amended, supplemented or restated) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory. The communication is deemed to be sent to the customers at least once a year, even for instruments for which is not mandatory.

### **Wealth tax on securities deposited abroad**

Pursuant to Article 19(18) of Decree 201, Italian resident individuals, non-commercial entities and certain partnerships (*società semplici* or similar partnerships in accordance with article 5 of Presidential Decree No. 917 of 22 December 1986, as amended) holding the Notes outside the Italian territory are required to pay an additional tax at a rate of 0.2 per cent. (IVAFE). For taxpayers other than individuals, IVAFE cannot exceed Euro 14,000 per year.

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

### **Tax monitoring**

Pursuant to Law Decree No. 167 of 28 June 1990, converted by Law No. 227 of 4 August 1990, as recently amended by Law No. 97 of 6 August 2013, individuals, non commercial entities and certain partnerships (*società semplici* or similar partnerships in accordance with Article 5 of Presidential Decree No. 917 of 22 December 1986, as amended ) resident in Italy who hold directly or indirectly investments abroad or have financial activities abroad (including the Notes) must disclose the aforesaid and related transactions to the Italian tax authorities.

The above reporting requirement is not required to comply with respect to: (i) Notes deposited for management with qualified Italian financial intermediaries; (ii) contracts entered into through their intervention, upon condition that the items of income derived from the Notes have been subject to tax by the same intermediaries; or (iii) if the foreign investments are only composed by deposits and/or bank accounts having an aggregate value not exceeding an €15,000 threshold throughout the year. Such obligation is limited to the amount of securities held abroad at the end of each

tax year with no obligation to report inbound and outbound transfers and other transfers occurring abroad in relation to securities.

### **The proposed European Union financial transactions tax (FTT)**

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common EU FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the **participating Member States**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

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

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate, although certain other Member States have expressed strong objections to the proposal.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

### **Luxembourg Taxation**

The following information is of a general nature only and is based on the laws presently in force in Luxembourg, though it is not intended to be, nor should it be construed to be, legal or tax advice. The information contained within this section is limited to Luxembourg withholding tax issues and prospective investors in the Notes should therefore consult their own professional advisers as to the effects of state, local or foreign laws, including Luxembourg tax law, to which they may be subject.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a withholding tax or a tax of a similar nature, or to any other concepts, refers to Luxembourg tax law and/or concepts only.

#### **Withholding Tax**

##### **(i) Non-resident holders of Notes**

Under Luxembourg general tax laws currently in force, there is no withholding tax on payments of principal, premium or interest made to non-resident holders of Notes, nor on accrued but unpaid interest in respect of the Notes, nor is any Luxembourg withholding tax payable upon redemption or repurchase of the Notes held by non-resident holders of Notes.

##### **(ii) Resident holders of Notes**

Under Luxembourg general tax laws currently in force and subject to the law of 23 December 2005 as amended (the **Relibi Law**), there is no withholding tax on payments of principal, premium or interest made to Luxembourg resident holders of Notes, nor on accrued but unpaid interest in respect of Notes, nor is any

Luxembourg withholding tax payable upon redemption or repurchase of Notes held by Luxembourg resident holders of Notes.

Under the Relibi Law, payments of interest or similar income made or ascribed by a paying agent established in Luxembourg to an individual beneficial owner who is a resident of Luxembourg will be subject to a withholding tax of 20 per cent. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of the tax will be assumed by the Luxembourg paying agent. Payments of interest under the Notes coming within the scope of the Law will be subject to a withholding tax at a rate of 20 per cent.

### **Foreign Account Tax Compliance Act**

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as **FATCA**, a “foreign financial institution” may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the jurisdiction of the Issuer) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (**IGAs**), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to 1 January 2019 and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining “foreign passthru payments” are filed with the U.S. Federal Register generally would be “grandfathered” for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if additional notes (as described under “Terms and Conditions—Further Issues”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of withholding.

**FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and the US-Italy IGA, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.**



## SUBSCRIPTION AND SALE

The Dealers have, in a programme agreement dated 11 September 2020, as modified, and/or supplemented and/or restated from time to time (the **Programme Agreement**), agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

### **United States**

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold within the United States or, if Category 2 is specified in the Final Terms, to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the Code and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable and will confirm whether the Issuer is Category 1 or Category 2 for the purposes of Regulation S under the Securities Act.

If Category 2 is specified in the Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes: (a) as part of their distribution at any time; or (b) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S of the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Accordingly, if Category 1 is specified in the Final Terms, the Notes are being offered and sold only outside the United States in offshore transactions in reliance on, and in compliance with, Regulation S.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

### ***Prohibition of sales to EEA and UK Retail Investors***

Unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus

as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision:

- (a) the expression **retail investor** means a person who is one (or more) of the following:
  - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or
  - (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the **Insurance Distribution Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
  - (iii) not a qualified investor as defined in Directive Regulation (EU) 2017/1129 (as amended, the **Prospectus Regulation**); and
- (b) the expression an **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

If the Final Terms in respect of any Notes specifies “Prohibition of Sales to EEA and UK Retail Investors” as “Not Applicable”, in relation to each Member State of the European Economic Area and the United Kingdom (each, a **Relevant State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

- (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;
- (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in paragraphs (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an **offer of Notes to the public** in relation to any Notes in any **Relevant State** means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes. The expression **Prospectus Regulation** means Regulation (EU) 2017/1129.

### **United Kingdom**

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended (**FSMA**)) received by it in connection with

the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

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

## Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

## Republic of Italy

The offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Base 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 of Regulation (EU) No. 1129 of 14 June 2017 (the **PD Regulation**) and any applicable provision of Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Italian CONSOB regulations; or
- (b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the PD Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

Any offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy under (a) or (b) above must:

- (a) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 2037 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**); and
- (b) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

## Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section

274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

## **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Base Prospectus or any other document relating to the Notes and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer will be required to comply with such other restrictions as the Issuer and the relevant Dealer shall agree and as shall be set out in the applicable Final Terms.

## GENERAL INFORMATION

### Authorisation

The update of the Programme has been duly authorised by a resolution of the Board of Directors of the Issuer dated 6 August 2020.

The issue of Notes under the Programme will be authorised prior to each relevant issue of Notes by the competent bodies of the Issuer in accordance with applicable laws and the relevant provisions of the Issuer's by-laws. Each issuance resolution (*delibera di emissione*) shall be passed in notarial form and registered in the competent Companies' Register (*Registro delle Imprese*).

### Listing of Notes, admission to trading and approval

An application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be admitted to trading on the Luxembourg Stock Exchange's regulated market and to be listed on the Official List of the Luxembourg Stock Exchange during the period of 12 months following the date of this Base Prospectus. The Luxembourg Stock Exchange's regulated market is a regulated market for the purposes of the Markets in Financial Instruments Directive (Directive 2014/65/EU).

The Issuer may also issue Notes not admitted to trading on any market.

### Documents Available

Copies of the following documents will, when published, be available on [www.unipol.it/en](http://www.unipol.it/en):

- (a) the by-laws (*statuto*) (with an English translation thereof) of the Issuer;
- (b) a copy of each document incorporated by reference in this Base Prospectus;
- (c) the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (d) a copy of this Base Prospectus; and
- (e) any supplements to this Base Prospectus and any other documents incorporated by reference herein or therein by reference and Final Terms (save that a Final Terms relating to a Note which is neither admitted to trading on a regulated market in the European Economic Area or the United Kingdom nor offered in the European Economic Area or the United Kingdom in circumstances where a prospectus is required to be published under the Prospectus Regulation will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer or the Paying Agent as to its holding of Notes and identity).

In addition, copies of this Base Prospectus, each Final Terms relating to Notes which are admitted to trading on the Luxembourg Stock Exchange's regulated market and each document incorporated by reference are available on the Luxembourg Stock Exchange's website at [www.bourse.lu](http://www.bourse.lu).

### Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear

through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

### **Conditions for Determining Price**

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

### **Significant or Material Adverse Change**

Save as disclosed in the section headed "*Description of the Issuer – Recent Developments*" above, there has been no significant change in the financial performance or position of the UG Group since 30 June 2020 and there has been no material adverse change in the prospects of the UG Group since 31 December 2019.

### **Litigation**

Neither the Issuer nor any other member of the UG Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group. For further information on legal proceedings involving the Issuer see "*Description of the Issuer – Legal Proceedings*".

### **Auditors**

The auditors of the Issuer are PricewaterhouseCoopers S.p.A., who have audited the Issuer's consolidated accounts, without qualification, in accordance with International Financial Reporting Standards (**IFRS**) as adopted by the European Union as of and for the financial years ended on 31 December 2019 and 31 December 2018, and reviewed the Issuer's consolidated half-yearly accounts, without qualification, as of 30 June 2020 and for the six-month periods ended on 30 June 2020 and 30 June 2019. The auditors of the Issuer have no material interest in the Issuer.

PricewaterhouseCoopers S.p.A., with registered office in Via Monte Rosa 91, Milan, is registered under No. 119644 in the Register of Accountancy Auditors (*Registro Revisori Legali*) kept by the Italian Ministry of Economy and Finance, in compliance with the provisions of the Legislative Decree of 27 January 2010, No. 39. PricewaterhouseCoopers S.p.A. is also a member of ASSIREVI, the Italian association of auditing firms.

### **Dealers transacting with the Issuer**

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in financing, in investment banking and/or commercial banking transactions (including the provision of loan facilities) and other related transactions with, and may perform services to the Issuer and its affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations in order to manage their exposure, their general market risk, or other trading activities. In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express

independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the avoidance of doubt, the term 'affiliates' also includes parent companies.





## **ISSUER**

### **Unipol Gruppo S.p.A.**

Via Stalingrado, 45  
40128 Bologna  
Italy

## **ISSUING AND PRINCIPAL PAYING AGENT**

### **BNP Paribas Securities Services, Luxembourg Branch**

60 avenue J.F. Kennedy  
L-1855, Luxembourg

## **ARRANGERS**

### **BNP Paribas**

16, boulevard des Italiens  
75009 Paris  
France

### **Intesa Sanpaolo S.p.A.**

#### **Divisione IMI Corporate & Investment Banking**

Via Manzoni 4  
20121 Milan  
Italy

### **J.P. Morgan Securities plc**

25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

### **Mediobanca – Banca di Credito Finanziario S.p.A.**

Piazzetta Enrico Cuccia, 1  
20121 Milan  
Italy

### **UniCredit Bank AG**

Arabellastrasse 12  
81925 Munich  
Germany

## **DEALERS**

### **BNP Paribas**

16, boulevard des Italiens  
75009 Paris  
France

### **Intesa Sanpaolo S.p.A.**

#### **Divisione IMI Corporate & Investment Banking**

Via Manzoni 4  
20121 Milan  
Italy

### **J.P. Morgan Securities plc**

25 Bank Street  
Canary Wharf  
London E14 5JP  
United Kingdom

### **Mediobanca – Banca di Credito Finanziario S.p.A.**

Piazzetta Enrico Cuccia, 1  
20121 Milan  
Italy

### **UniCredit Bank AG**

Arabellastrasse 12  
81925 Munich  
Germany

## **LISTING AGENT**

### **BNP Paribas Securities Services, Luxembourg Branch**

60 avenue J.F. Kennedy  
L-1855, Luxembourg

## **LEGAL ADVISERS**

*To the Issuer as to Italian law*

**Studio Legale RCCD**

Via Boschetti, 1  
20121 Milan  
Italy

*To the Dealers as to English and Italian law*

**Allen & Overy**

Via Ansperto, 45  
20123 Milan  
Italy

Corso Vittorio Emanuele II, 284  
00186 Rome  
Italy

## **AUDITORS**

*To the Issuer*

**PricewaterhouseCoopers S.p.A.**

Via Monte Rosa, 91  
20149 Milan  
Italy