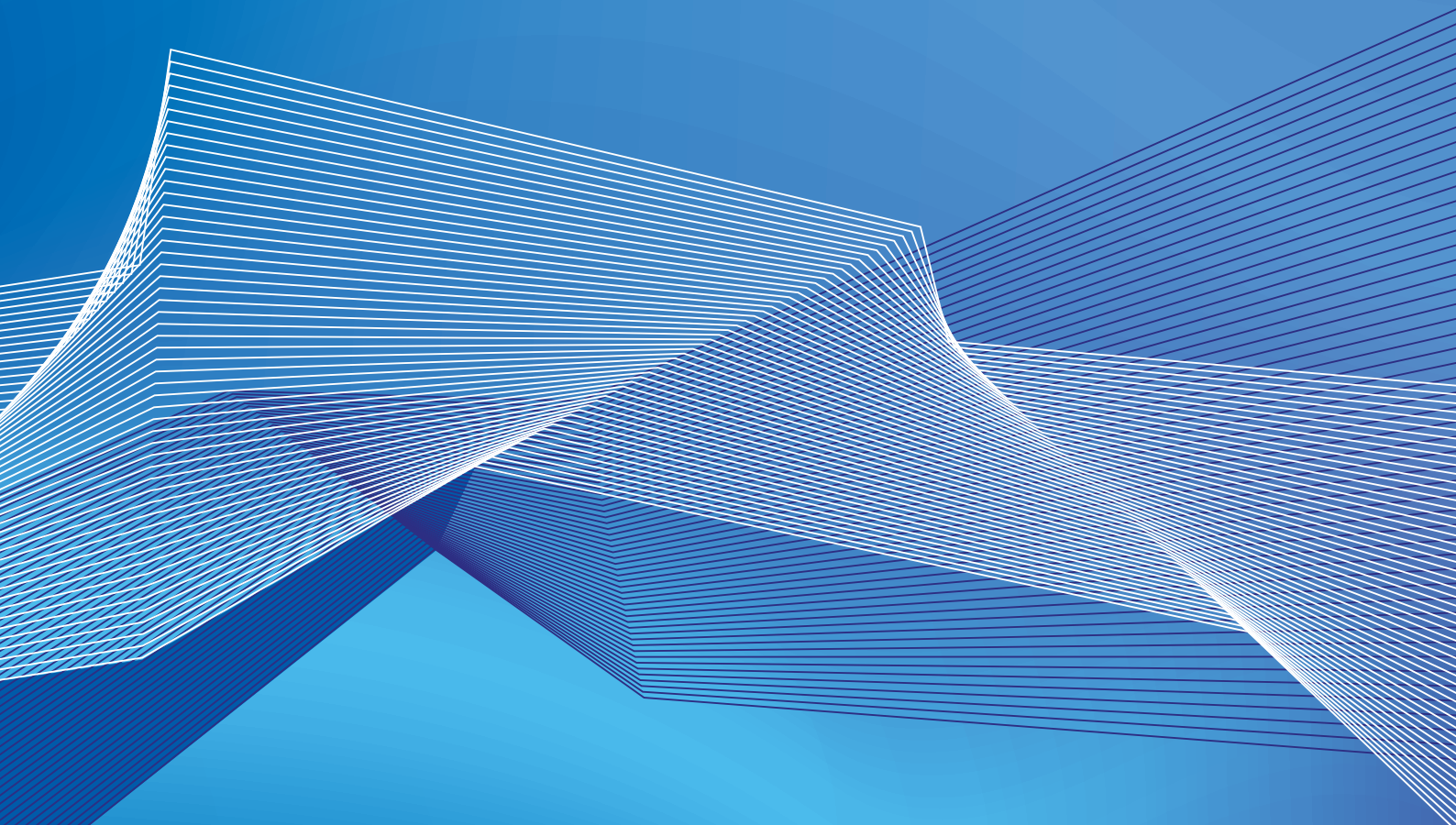




2026

Report on the Remuneration Policy and Remuneration Paid





Report on the Remuneration Policy for 2026 and Remuneration Paid in 2025 Terna S.p.A. and the Terna Group

Traditional management and control model

Issuer: "Terna - Rete Elettrica Nazionale Società per Azioni"
(in abbreviated form Terna S.p.A.)

Website: www.terna.it

Annual reporting period to which the Report refers: 2025

Report approval date: 26 March 2026

*This is a translation of the original Italian text.
For any difference in the meaning between the original Italian
text and its translation, the Italian text prevails.*



“ Terna is investing in Italy's development

We guarantee energy security and balance electricity supply and demand 24 hours a day, ensuring that the system is reliable, efficient and accessible to all.

We invest and innovate every day in the development of an electricity grid capable of integrating the energy produced from renewable sources, improving links between the different areas of the country and strengthening cross-border interconnections, applying a sustainable approach that takes into account the needs of the communities and people we work with. ”

MISSION

“ We are behind the energy you use every day

We are responsible for guaranteeing the continuity of power supply, essential in making sure that electricity reaches Italian homes and businesses at all times.

We provide everyone with equal access to electricity and are working to provide clean energy for future generations. ”

PURPOSE

“ We care about the future of energy

We are committed to building a future powered by clean energy, enabling new forms of consumption and production increasingly based on renewable sources. This will allow us to achieve the goal of delivering an energy transition that is fair and inclusive, whilst also lowering costs.

Thanks to our overall vision of the electricity system and new digital technologies, we are leading the country's drive to get to net zero by 2050, in line with European climate goals. ”

VISION



Letter from the Chair

of the Remuneration and Nominations Committee

Dear Shareholders,



As Chair of the Remuneration and Nominations Committee, I would like to introduce the Report on the Remuneration Policy for 2026 and on the Remuneration paid for 2025, structured as provided for by art. 123-ter of the Consolidated Law on Finance and approved by the Board of Directors on March 26, 2026; this is a good opportunity to provide a clear, exhaustive and transparent illustration, addressed to Shareholders and all stakeholders, of Terna's Remuneration Policy for 2026 and of the remuneration paid to the Company's Directors, Statutory Auditors and Key Management Personnel in 2025.

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Terna operates Italy's high and very-high-voltage National Transmission Grid (NTG), one of the most modern and technologically advanced in Europe. It is the continent's largest independent transmission system operator and one of the leading operators in the world with more than 75 thousand kilometres of lines. As a Transmission System Operator (TSO), Terna not only has to design a grid capable of dealing with the progressive decarbonisation and the ever-growing integration of renewable sources (Transmission Operator), but also ensure that, moment by moment, consumer demand for energy is constantly balanced with production, through dispatching activities (System Operator). To pursue this important task, the company requires cutting-edge expertise and advanced technological skills. In 2025, in fact, the Group's commitment in the field of higher education and collaboration with the academic world continued, in synergy with the Universities of Salerno, Cagliari and Palermo (fourth edition of the 2nd Level Master's Degree "Digitisation of the electricity system for the energy transition") and with the Polytechnics of Milan, Turin and Bari (as part of the PoliTech Lab, the new 2nd Level Master's Degree in "Innovation in Electrical Energy Systems").

It is worth noting that the Remuneration Policy must be consistent with and serve the objectives the Group intends to achieve. Every year, Terna engages with the market through intensive dialogue with investors and stakeholders, thorough benchmarking studies, and the identification of international best practices – aided by specialist advisors – to find new ideas and inspiration and continue refining its remuneration policy systems, which are already well-established and widely recognised, whilst, of course, always complying with the regulatory framework and contractual obligations in force.

The complex analysis process implemented by the Remuneration and Nominations Committee, supported by the Company's effective managerial structures, has led - in a nutshell - to the following proposals for 2026, endorsed by the Board of Directors at the meeting to approve the Annual Report:

- Remuneration of the Chair, Chief Executive Officer and General Manager, non-executive Directors, members of the Board of Statutory Auditors: no change.
- Short-term incentive (STI): continuous improvement in the definition of the most challenging KPIs, with reference, for example, to Investments (in order to ensure effective management of Capex in support of execution and consistent with the incentive mechanism for the correct forecasting of investments introduced by ARERA) and the Reduction of Behavioural Accidents (with the introduction of new challenges for 2026).

- Long-term incentive (LTI): reduction in the overlap between STI and LTI, with the removal of EBITDA from the KPIs of the new 2026–2030 Long-Term Incentive Plan, and a corresponding increase in the Industrial/ESG component, with the weight previously assigned to EBITDA being allocated to the Connections KPI.
- Disclosures: in the interests of ever-greater transparency, various changes have been introduced, including a new presentation of the key risk mitigation factors included in Terna’s Remuneration Policy; an increasingly detailed description of employees’ working conditions and remuneration; a clear presentation of the remuneration package offered; greater clarity within the STI framework regarding the consequences of fatal accidents on workplace safety KPIs (cancellation of the bonus) and on the methods for setting targets, which in some cases are established directly by the Regulatory Authority for Energy, Networks and the Environment (ARERA).

Worth emphasising is also the importance of the leadership model and value system, which are essential in an excellent and high-performing company: an inclusive and collaborative work environment, respect for all stakeholders, and a widespread culture of merit are essential and indispensable elements. Empowerment, accountability and pay for performance are “vital components” of operational management; it is clear that the framework of values and leadership outlined here serves as a kind of “strategic compass” designed to guide Terna’s management in its actions.

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I would like to express my sincere gratitude first and foremost to Enrico Tommaso Cucchiani, who led the Committee until 29 July 2025. Furthermore, I would like to highlight the collaborative approach and the effective contribution made by the members of the Committee, Regina Corradini D’Arienzo, Karina Audrey Litvack, Simona Signoracci and Paolo Damilano, who have held this position since 29 September 2025. I would also like to acknowledge the ongoing support of the General Legal and Corporate Affairs Department.

Dear Shareholders, the Remuneration and Nominations Committee and all the Directors are here to serve the Company to ensure that it operates with a view to creating value and exceeding the highest expectations of investors and all its stakeholders. Any encouragement you can give with the aim of improving the Company’s performance and governance will be greatly appreciated.

Yours sincerely,

Gian Luca Gregori
Chair of the Remuneration
and Nominations Committee



Introduction

This Report summarises the principles and guidelines followed by Terna S.p.A. (hereinafter, for the sake of brevity, also “Terna” the “Company” or the “Group”) in designing and reviewing the Remuneration Policy and its implementation, with particular reference to members of the Management and Oversight Bodies, the General Manager and Key Management Personnel (“KMP”).

The document is divided into two sections:

- **Section I – Report on the Remuneration Policy for 2026** – describing the policy adopted by Terna for 2026 in respect of the remuneration of Directors, the General Manager, Key Management Personnel and members of Oversight Bodies, specifying the overall purposes pursued, the bodies involved and the procedures used in its adoption and implementation, as well as for the application of temporary exemptions;
- **Section II – Report on remuneration paid in 2025** – setting out details of the remuneration paid in 2025, by name in the case of Directors, Statutory Auditors and the General Manager and, in aggregate form, in the case of Key Management Personnel.

This Report was prepared in compliance with the current statutory requirements¹ and is consistent with the regulations established by the CONSOB².

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The Policy described in Section I was also prepared in line with the recommendations on the subject of remuneration in the Corporate Governance Code for listed companies (the “Corporate Governance Code”), in its latest version. As described in the Report on Corporate Governance and Ownership Structures, please note that Terna formally signed up to the new edition of the Code at the Board of Directors meeting of 27 January 2021.

¹ Art. 123-ter of Legislative Decree 58 of 24 February 1998 (the “Consolidated Law on Finance” or “CLF”, as amended by Legislative Decree 49 of 10 May 2019), which states that “at least twenty-one days before the date of the Annual General Meeting of shareholders [...], listed companies must provide the public with a report on the company’s remuneration policy and remuneration paid, filing such report at their registered offices, on their websites and using the other methods established in CONSOB Regulations”. The same art. 123-ter, para. 3-bis of the CLF states that “companies shall put their remuneration policy to a shareholder vote [...] at least every three years or when changes are made to the policy”. Paragraph 3-ter states that “the result of the vote required by para. 3-bis is binding” (with reference to Section I of this document), adding that “if the Annual General Meeting fails to approve the remuneration policy put to a vote in accordance with para. 3-bis, the company shall continue to pay remuneration in compliance with the most recent remuneration policy approved by shareholders or, failing that, may continue to pay remuneration in compliance with current practices”.

² Art. 84-quater of the Issuers’ Regulation, first added with resolution 18049 of 23 December 2011 and then amended by resolutions 18214 of 9 May 2012 and 21623 of 10 December 2020. In this regard, it should be noted that this Report incorporates the amendments most recently made to the Issuers’ Regulation on 11 December 2020.

On 26 March 2026, Terna's Board of Directors, on the recommendation of the Remuneration and Nominations Committee, approved Sections I and II of this Report. Section I, containing the "Report on the Remuneration Policy", is subject to a binding vote at the General Meeting of Shareholders, whilst Section II, containing the "Report on remuneration paid" and providing detailed information on pay in 2025, is subject to a non-binding vote at the General Meeting of Shareholders called to approve the financial statements for the year ended 31 December 2025.

The pay of Directors with delegated powers and the fees payable to non-executive Directors for their participation in Board Committees, as reported in Section I of this Report, were set by the current Board of Directors, which adopted an approach that is largely consistent with previous years. In this sense, their representation in the following paragraphs is to be understood as guidelines of Terna's Remuneration Policy for 2026, defined in compliance with the prerogatives of the Annual General Meeting and the Board of Directors that will be appointed for the 2026-2028 term of office.

It is recalled, in fact, that the Board of Directors currently in office, on the date of approval of this Report, will cease its term of office with the holding of the General Meeting of Shareholders convened for the approval of the financial statements as at 31 December 2025. In accordance with the provisions of Articles 2364(1)(3) and 2389 of the Italian Civil Code, the new Board of Directors – once appointed by the Annual General Meeting – shall therefore determine, subject to a resolution by the General Meeting where necessary, the remuneration payable to Directors holding specific positions, as well as the remuneration payable to non-executive Directors for their participation in board committees.

The text of this Report will be made available to the public at the Company's head office and in the Governance section of the Company's website www.terna.it, within the twenty-first day preceding the date of the Annual General Meeting called to approve the financial statements for the year ended 31 December 2025, as required by the legislation in force.

The Information Circulars related to existing equity-based remuneration plans can be found in the Governance section of the Company's website.



Executive Summary



Executive Summary

A summary of the Remuneration Policy for 2026, drawn up in accordance with decisions taken by the Board of Directors in office for the period 2023-2025, is provided below³.

	FIXED REMUNERATION	SHORT-TERM INCENTIVE SCHEME (STI)	LONG-TERM INCENTIVE SCHEME (LTI)
	<i>Remunerates the skills, the experience and the contribution required by the role.</i>	<i>Incentivises the achievement of the annual operating and financial performance targets set in the budget, and further non-financial annual targets.</i>	<i>Ensures the long-term alignment of management actions with shareholders' interests and achievement of the Strategic Plan objectives.</i>
	Amount		
CHAIR	€238,000 gross per year, of which: <ul style="list-style-type: none"> • €50,000 pursuant to para. 1, art. 2389 of the Italian Civil Code (Director's Remuneration); • €188,000 pursuant to para. 3, art. 2389 of the Italian Civil Code (Chair's Remuneration); 	--	--
	Conditions for implementation		
	Determined also using market benchmarks in relation to companies comparable on the basis of predefined criteria.	--	--
	Amount		
CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER	€1,085,000 gross per year, of which: <ul style="list-style-type: none"> • €35,000 pursuant to para. 1, art. 2389 of the Italian Civil Code (Director's Remuneration); • €200,000 pursuant to para. 3, art. 2389 of the Italian Civil Code (Chief Executive Officer's Remuneration); • €850,000 (General Manager's Gross Annual Pay) 	46% at the target level of Fixed Remuneration.	97% at the target level of Fixed Remuneration.
	Conditions for implementation		
	Determined also using market benchmarks in relation to companies comparable on the basis of predefined criteria.	2026 objectives for the role of Chief Executive Officer: <ul style="list-style-type: none"> • 50%: Net profit • 25%: Incentives output - DSM • 25%: Incentives output - Interzonal 2026 objectives for the role of General Manager: <ul style="list-style-type: none"> • 25%: EBITDA • 20%: Investments • 10%: Assets entering service • 20%: Quality of service • 10%: Workplace safety indicator (SI) Terna Group personnel working in the electricity sector • 10% Reducing Behavioural Accidents • 5%: Injuries to contractors' personnel in Italy Clawback provisions apply.	Performance Share Plan 2026-2030 objectives: <ul style="list-style-type: none"> • 30%: FFO / Average Net Debt over the three-year period • 15%: Relative TSR • 30%: Overgeneration • 25%: Connections Clawback provisions apply.

³ It is recalled that the Board of Directors currently in office, on the date of approval of this Report, will cease its term of office with the holding of the General Meeting of shareholders convened for the approval of the financial statements as at 31 December 2025. In accordance with the provisions of Articles 2364(1)(3) and 2389 of the Italian Civil Code, the new Board of Directors – once appointed by the Annual General Meeting – shall therefore determine, subject to a resolution by the General Meeting where necessary, the remuneration payable to Directors holding specific positions, as well as the remuneration payable to non-executive Directors for their participation in board committees.

	FIXED REMUNERATION	SHORT-TERM INCENTIVE SCHEME (STI)	LONG-TERM INCENTIVE SCHEME (LTI)
	<i>Remunerates the skills, the experience and the contribution required by the role.</i>	<i>Incentivises the achievement of the annual operating and financial performance targets set in the budget, and further non-financial annual targets.</i>	<i>Ensures the long-term alignment of management actions with shareholders' interests and achievement of the Strategic Plan objectives.</i>
KEY MANAGEMENT PERSONNEL	Amount		
	Fixed Remuneration is linked to the role held and the responsibilities assigned and the manager's experience and strategic.	Incentives up to 60% at the target level of Fixed Remuneration.	Incentives up to 80% at the Fixed Remuneration target level.
	Conditions for implementation		
	Determined also using market benchmarks in relation to companies comparable on the basis of predefined criteria.	The annual incentive is linked to: <ul style="list-style-type: none"> • Budgeted EBITDA range: Access Gate • 40%: Group objectives • 20%: cross-cutting objectives common to multiple functions • 30%: individual objectives linked to the organisational role held • 10%: qualitative objectives related to managerial skills Clawback provisions apply.	Performance Share Plan 2026-2030 objectives: <ul style="list-style-type: none"> • 30%: FFO / Average Net Debt over the three-year period • 15%: Relative TSR • 30%: Overgeneration • 25%: Connections Clawback provisions apply.
	BENEFITS		SEVERANCE
	<i>Complete remuneration packages and primarily regard aspects relating to welfare and pensions.</i>		<i>A severance payment designed to protect the Company's interests by preventing potential disputes.</i>
CHAIR	Description		
	Insurance policy for occupational and non-occupational accidents related to the position.	A severance payment on completing the term of office, equal to 1/12 of remuneration paid for each year in office.	
	Conditions for implementation		
	On completion of the term of office.		
CHIEF EXECUTIVE OFFICER and GENERAL MANAGER	Description		Description
	The role of Chief Executive Officer is covered by the insurance policy for occupational and non-occupational accidents related to the position. For the role of General Manager, the benefits package is defined in accordance with the provisions of the relevant National Collective Employment Contract as well as company policies and practices applicable to all executives, by way of example: <ul style="list-style-type: none"> • Supplementary pension; • Supplementary health insurance; • Life, permanent disability and accident insurance; • Company car for mixed use. 	In line with the Board of Directors' resolution of 9 May 2023, except in the event of dismissal for disciplinary reasons and resignations without just cause, on termination of the employment relationship linked to the end of the term of office, the following applies (i) to the current General Manager, a severance payment equal to 24 months' pay; (ii) as Chief Executive Officer, a termination payment due at the end of the term in office equal to 1/12 of total pay (fixed remuneration plus short-term variable incentives) for each year in office as CEO.	
	Conditions for implementation		Conditions for implementation
	In accordance with the provisions of the above-mentioned sources.		At Terna, the CEO's position as a Director and the General Manager's employment relationship are connected, so that, unless renewed, when one is terminated so is the other fiduciary relationship.
KEY MANAGEMENT PERSONNEL	Description		
	The benefits package is defined in accordance with the provisions of the relevant National Collective Employment Contract as well as company policies and practices applicable to all executives, by way of example: <ul style="list-style-type: none"> • Supplementary pension; • Supplementary health insurance; • Life, permanent disability and accident insurance; • Company car for mixed use. 	Except in the event of dismissal for disciplinary reasons with just cause or resignations for reasons other than just cause, in the event of early termination of the employment relationship by the Company, a severance payment may be due within the limits set by this Policy.	
	Conditions for implementation		
	In accordance with the provisions of the above-mentioned sources.		Early termination of the employment relationship by the Company.



 Terna



Section I: Report on the remuneration policy for 2026



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1. Summary

of the main changes in this Report

The guidelines for the Remuneration Policy for 2026 were defined in substantial **continuity** and **consolidation** with the policy of the previous year, which incorporated all the mandatory regulatory requirements in force contained in the SHRD II and in the Issuers' Regulation, and is produced in line with the resolutions of the Board of Directors for the 2023-2025 term of office⁴.

In light of the recommendations contained in the letter from the Chair of the Italian Committee for Corporate Governance, the requests of proxy advisors and best market practices, certain changes have been made to this Report, with a view to providing greater disclosure for all stakeholders.

Changes for 2026

Below are the main changes introduced in the 2026 Remuneration Policy:

- Short-term incentive (STI): continuous improvement in the definition of the most challenging KPIs, with reference, for example, to Investments (in order to ensure effective management of Capex in support of execution and consistent with the incentive mechanism for the correct forecasting of investments introduced by ARERA) and the Reduction of Behavioural Accidents (with the introduction of new challenges for 2026).
- Long-term incentive (LTI): reduction in the overlap between STI and LTI, with the removal of EBITDA from the KPIs of the new 2026–2030 Long-Term Incentive Plan, and a corresponding increase in the Industrial/ESG component, with the weight previously assigned to EBITDA being allocated to the Connections KPI.
- Disclosures: in the interests of ever-greater transparency, various changes have been introduced, including a new presentation of the key risk mitigation factors included in Terna's Remuneration Policy; an increasingly detailed description of employees' working conditions and remuneration; a clear presentation of the remuneration package offered; greater clarity within the STI framework regarding the consequences of fatal accidents on workplace safety KPIs (cancellation of the bonus) and on the methods for setting targets, which in some cases are established directly by the Regulatory Authority for Energy, Networks and the Environment (ARERA).

⁴ It is recalled that the Board of Directors currently in office, on the date of approval of this Report, will cease its term of office with the holding of the General Meeting of Shareholders convened for the approval of the financial statements as at 31 December 2025. In accordance with the provisions of Articles 2364(1)(3) and 2389 of the Italian Civil Code, the new Board of Directors – once appointed by the Annual General Meeting – shall therefore determine, subject to a resolution by the General Meeting where necessary, the remuneration payable to Directors holding specific positions, as well as the remuneration payable to non-executive Directors for their participation in board committees.



2. Engagement

process and remuneration policies

2.1 Outcome of shareholder votes and feedback

Terna gives great importance to dialogue and continuous interaction during the year with the main beneficiaries and users of its Remuneration Policy, in order to ensure constant improvement in the adoption of best market practices and to incorporate suggestions received above all from shareholders and proxy advisors.

Terna's actions towards its shareholders, investors and key stakeholders are based on a structured and consistent and continuous communication process pursued during the year. The main departments involved are Human Resources, General, Legal and Corporate Affairs, Administration, Finance and Control, Strategy, Digital and Sustainability, also with the support of an independent consulting firm.

To this end, Terna has continued the engagement activities, holding a series of meetings with the institutional investors and proxy advisors in the period between January and March 2026. This was done to expand on the views expressed by these parties on key aspects of the Report on the Remuneration Policy and Remuneration Paid submitted to the General Meeting of Shareholders of 21 May 2025. In particular, meetings were held to discuss the outcome of the voting on the 2025 Remuneration Report and to present the new features of this Report. The investors invited to participate in this off-season engagement activity, selected also taking into account the voting positions they expressed at the last General Meeting of Shareholders, represented about 27% of the share capital, or about 54% of the capital held by institutional investors.

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Moreover, the off-season engagement activity conducted by the Company also involved the most influential proxy advisors in the Italian market, i.e. ISS and Glass Lewis, with the aim of gathering their feedback and providing Terna's rationale behind the matters subject to their analysis and recommendation.

The shareholder and proxy advisors engagement activity took place in a dynamic, collaborative and proactive atmosphere, and analysts and investors generally appreciated the dialogue initiative and practices implemented by the Company, also emphasising their importance in order to guarantee the protection of the interests of investors in general. This process provided the departments responsible for Terna's remuneration policies and the Remuneration and Nominations Committee with precious feedback on the views of shareholders and, more generally, on those of the market regarding the nature of the Remuneration Policy adopted by Terna. During the meetings, various topics were discussed related to the Company's remuneration package approved by the 2025 General Meeting of Shareholders and the changes made to it in this 2026 Remuneration Report, as well as other aspects related to the Company's strategy, ESG initiatives, and the composition of the Board of Directors and its Committees. Therefore, the engagement meetings were confirmed as a fundamental tool to guide the work of the Remuneration and Nominations Committee and Terna's structures and ensure an effective dialogue channel to explain the rationale underlying the remuneration policies and incorporate observations from shareholders.

This feedback, together with the results of the activities carried out in the year and the outcome of votes on remuneration resolutions at the 2025 General Meeting of Shareholders, as well as the voting policies adopted by key investors and proxy advisors, was taken into account when defining the Remuneration Policy for 2026. The Policy contains the following elements:

FEEDBACK**TERNA'S REMUNERATION POLICY****Remuneration policy for executive Directors**

General appreciation for the Remuneration Policy also with regard to information transparency, although there are still some areas for improvement.

The actions taken by the company following the results of the previous Annual General Meeting's vote on remuneration are to be further clarified.

Terna's Remuneration Policy has been further refined, particularly with regard to:

- connection with the Group's strategy and the related description of the performance metrics of the incentive systems, in particular the mechanism for zeroing the bonus in the event of a fatality.
- Terna's constant commitment and significant investment in engagement activities with all the Stakeholders was presented in detail.

Performance based pay

General non-critical remarks on short- and long-term KPIs.

Reduction in the overlap between STI and LTI, with the removal of EBITDA from the KPIs of the new 2026–2030 Long-Term Incentive Plan, and a corresponding increase in the Industrial/ESG component, with the weight previously assigned to EBITDA being allocated to the Connections KPI.

Following publication of this Report, Terna is also available to continue this process of engagement with stakeholders, organising a new series of meetings with any interested key investors and proxy advisors, with the aim of helping them to fully understand all aspects of the Remuneration Policy for 2026.

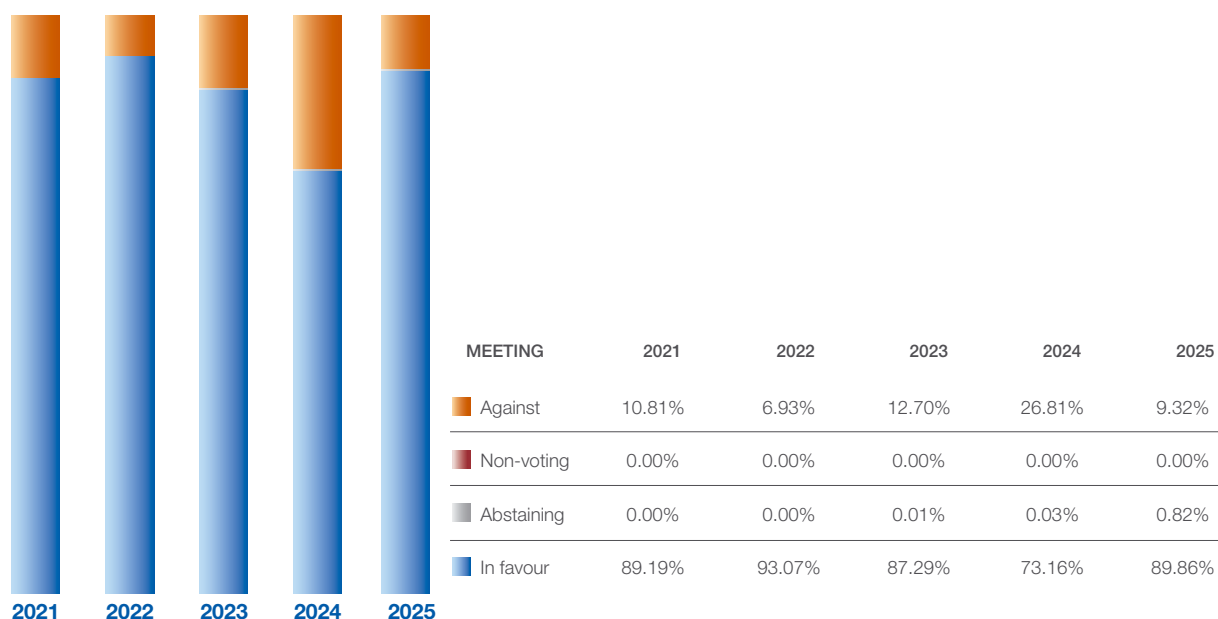
Full disclosure regarding the remuneration of Directors and management is also provided in the constantly updated "Remuneration" page in the "Governance" section of the Company's website.



The outcomes of shareholder votes on Remuneration Reports between 2021 and 2025 are shown below.

In the face of the percentage increase in favourable voters between 2024 (73.16%) and 2025 (89.86%), with an almost unchanged quorum, Terna, encouraged by the results obtained at the last Annual General Meeting, which registered a large majority of investors in support, has nevertheless maintained a strong control over the requests of its shareholders, also repeating during the current year an intense engagement activity, in order to assess further areas for improvement and maintain an effective dialogue channel with the market, supplementary and more qualifying than the mere shareholder vote.

Outcome of voting results on the Remuneration Policy (2021-2025)



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2.2 Risk mitigation factors

Below are the safeguards and tools included in the Remuneration Policy in order to mitigate risk-taking by management and encourage the creation of sustainable value for Shareholders in the long term.

RISK MITIGATION FACTORS	VARIABLE SHORT-TERM INCENTIVES	LONG-TERM VARIABLE INCENTIVES
Pay mix which provides for a relative weight of the long-term incentive greater than the weight of the short-term incentive	✓	✓
Alignment of the KPI achievement thresholds with the provisions of the Strategic Plan	✓	✓
Presence of a shareholding in the bonus payable		✓
Provision of a cap on the maximum amount of the variable incentive	✓	✓
Existence of Malus and Claw-back mechanisms	✓	✓

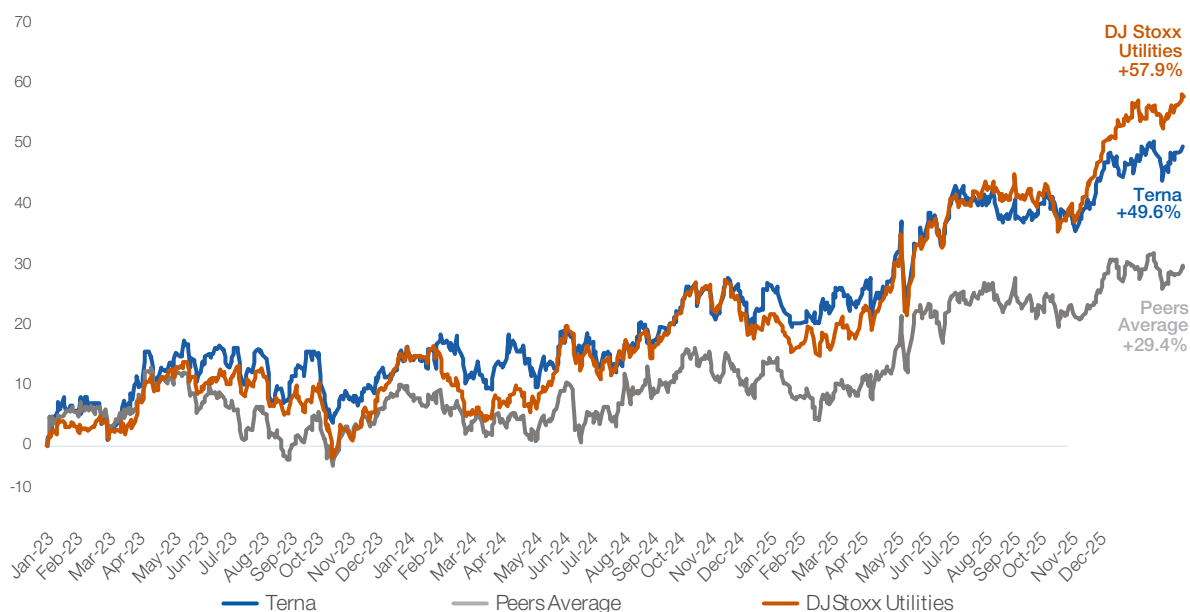
2.3 The Terna Group's Total Shareholder Return and operating performance

Trends in the Terna Group's Total Shareholder Return (TSR) are shown below, with reference to its peers and the European sector benchmark index (DJ Stoxx Utilities) for the 2023-2025 period.

Over the three years from 2023 to 2025, Terna delivered a TSR of +49.6%, whilst the DJ Stoxx Utilities index recorded a TSR of +57.9%.

In the same period, Terna's shareholders enjoyed a return on their investment ahead of the average delivered by the peer group⁵ selected for the purposes of the LTI Plan, which stands at 29.4%.

Trend in Total Shareholder Return from January 2023 to December 2025



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Operating performance of the Terna Group 2023 – 2025

	2023*	2024*	2025*	(in €m) CHANGE 2025 VS 2024
Revenue	3,186.7	3,680.2	4,033.0	9.6%
EBITDA	2,168.6	2,566.4	2,750.8	7.2%
EBIT	1,362.3	1,677.4	1,789.9	6.7%
Net profit	885.4	1,061.9	1,111.5	4.7%

* Given that the requirements of IFRS 5 have been met, the overall results for 2025, 2024 and 2023 attributable to the South American subsidiaries included in the planned sale of assets, launched at the end of 2021, have been classified in the item "Profit/(Loss) from discontinued operations and assets held for sale" in the Group's reclassified income statement.

⁵ The "peer average" is related to: Snam, Redeia, Enagas, National Grid, United Utilities and Severn Trent. Source: Bloomberg.



2.4 Remuneration benchmarking

Chief Executive Officer and General Manager

Given that the pay package for the Chief Executive Officer and General Manager has remained unchanged, it was analysed by an independent advisor, who conducted a benchmarking analysis using a group of peers in the energy sector.

A list of the main companies (Italian and European) included in the peer group for benchmarking the remuneration of the Chief Executive Officer and General Manager in recent years is shown below:

A2A	Italgas
Acea	National Grid
Enagas	Redeia
Enel	Severn Trent
Hera	Snam
Iren	United Utilities Group

Key Management Personnel

In the case of Key Management Personnel, the Remuneration and Nominations Committee also periodically conducts a comparative assessment of overall remuneration for similar roles with the assistance of a specialist consulting firm. Specifically, Terna bases its assessment on the total remuneration for similar roles in a peer group of major Italian and European companies, both listed and unlisted, deemed comparable to Terna in terms of sector, business model and market capitalisation.

The choice of peer group was carried out in order to obtain the best possible match with the characteristics of the Energy sector in Europe, without affecting the option of periodically revising the identified peer group.

A list of the companies included in the peer group for benchmarking the remuneration of Key Management Personnel in recent years is shown below:

Enedis	Eni	Orano
Mundys	ESB	Orsted
Axpo	Ferrari	Plenitude
BP	Ferrovie dello Stato	Poste Italiane
Brembo	Fortum	Redeia
Centrica	Gransolar	Saipem
CNH Industrial	Hitachi ABB Power Grids	Snam
DCC	Italgas	Solarpack
Drax Power Group	Iveco Group	Suez
EDF	Maire Tecnimont	Veolia Environnement
Enagas	McPhy	Vodafone Group Services
ENGIE	National Grid	National Energy System Operator (NESO)

The latest benchmarking exercise shows that the total remuneration of Key Management Personnel is around the first quartile of the market.

2.5 Pay mix

Chief Executive Officer and General Manager

With reference to the Chief Executive Officer and General Manager, the pay mix is a representation of the remuneration components in the various possible performance scenarios, which are in line with the 2023-2025 term of office⁶.

It should also be noted that at the target level, the total remuneration of the Chief Executive Officer and General Manager (which has remained stable in the last 3 terms of office despite the growth of inflation and pay markets) is as follows:

- €1,085,000 as Fixed Remuneration
- 46% of the Fixed Remuneration at the target level by way of Short-Term Incentive (STI)
- 97% of the Fixed Remuneration at the target level by way of Long-Term Incentive (LTI)

100%

Pay mix assuming performance of the objectives, to which the variable remuneration is linked, below the minimum level.



Pay mix assuming variable remuneration targets achieved at the minimum level



Pay mix assuming variable remuneration targets achieved at the target level



Pay mix assuming variable remuneration targets achieved at the maximum level

- Fixed remuneration
- Short-term incentive scheme (STI)
- Long-term incentive scheme (LTI)

Fixed remuneration: Fees pursuant to Art. 2389 para. 1 and para. 3 + Gross Annual Pay (GAP).

Long-term incentive: refers to the bonus potential of the three-year plan.

⁶ It is recalled that the Board of Directors currently in office, on the date of approval of this Report, will cease its term of office with the holding of the General Meeting of Shareholders convened for the approval of the financial statements as at 31 December 2025. In accordance with the provisions of Articles 2364(1)(3) and 2389 of the Italian Civil Code, the new Board of Directors – once appointed by the Annual General Meeting – shall therefore determine, subject to a resolution by the General Meeting where necessary, the remuneration payable to Directors holding specific positions, as well as the remuneration payable to non-executive Directors for their participation in board committees.



Key Management Personnel

100%

Pay mix assuming performance of the objectives, to which the variable remuneration is linked, below the minimum level



Pay mix assuming variable remuneration targets achieved at the minimum level



Pay mix assuming variable remuneration targets achieved at the target level



Pay mix assuming variable remuneration targets achieved at the maximum level

- Fixed remuneration
- Short-term incentive scheme (STI)
- Long-term incentive scheme (LTI)

Fixed remuneration: Gross Annual Pay (GAP).

Long-term incentive: refers to the bonus potential of the three-year plan.

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It should be noted that for both the Chief Executive Officer and General Manager and for KMP, in all possible performance scenarios, the relative weighting of the long-term incentive is greater than the weighting of the short-term incentive.



3. Governance

of the remuneration process

3.1 Corporate bodies and parties involved

The Remuneration Policy for the members of Terna's Board of Directors is defined in compliance with statutory requirements and the Articles of Association, according to which:

- the General Meeting of Shareholders determines the remuneration payable to the Chair and members of the Board of Directors at the time of their election and through their term of office;
- the Board of Directors determines the remuneration of Directors with delegated powers in compliance with the Articles of Association and the fees for participation in Board Committees, in consultation with the Board of Statutory Auditors.

In accordance with Terna's governance model, the Board of Directors is also responsible for setting the objectives and approving the corporate results for the performance-related plans to which determination of the variable remuneration of the Chief Executive Officer and General Manager is connected, in addition to defining the general criteria for the remuneration of Key Management Personnel.

In line with the recommendations contained in the Corporate Governance Code, the Board of Directors is supported, with regard to matters relating to remuneration, by a Remuneration Committee composed of non-executive Directors, the majority of whom are independent, who are tasked with giving assessments, making recommendations and providing advice on such matters. The following table shows a summary of the related advisory and decision-making bodies and support providers for each person covered by the Policy.

Corporate bodies and parties involved

Subject to be remunerated	Proposal-making body	Decision-making body	Support structures	Independent advisor
Chair	<ul style="list-style-type: none"> • Shareholders • Remuneration and Nominations Committee 	<ul style="list-style-type: none"> • Annual General Meeting • Board of Directors 		
Chief Executive Officer	<ul style="list-style-type: none"> • Shareholders • Remuneration and Nominations Committee 	<ul style="list-style-type: none"> • Annual General Meeting • Board of Directors 		
Directors	<ul style="list-style-type: none"> • Shareholders 	<ul style="list-style-type: none"> • Annual General Meeting 	Human Resources	Independent advisor
Board of Statutory Auditors	<ul style="list-style-type: none"> • Shareholders 	<ul style="list-style-type: none"> • Annual General Meeting 		
General Manager	<ul style="list-style-type: none"> • Remuneration and Nominations Committee 	<ul style="list-style-type: none"> • Board of Directors 		
Key Management Personnel	<ul style="list-style-type: none"> • Remuneration and Nominations Committee 	<ul style="list-style-type: none"> • Chief Executive Officer 		



General Meeting of Shareholders

In accordance with statutory requirements and the Articles of Association - limited to matters pertaining to this Report - the Annual General Meeting ("AGM") is responsible for:

- electing and terminating Directors and the Chair of the Board of Directors, electing Statutory Auditors and alternates and the Chair of the Board of Statutory Auditors;
- determining the remuneration of the Directors and Statutory Auditors;
- approving equity-based or performance-related incentive plans linked to the performance of the Company's shares;
- expressing an opinion on the Report on the Remuneration Policy and Remuneration Paid, with a binding vote on Section I and a non-binding vote on Section II.

Board of Directors

Terna's Board of Directors (term of office 2023-2025) was elected by the General Meeting of Shareholders of 9 May 2023 and consists of 13 Directors.

Subsequently, following the resignation of Director Francesco Renato Mele, submitted on 27 May 2025 and effective upon the appointment of his replacement, on 24 June 2025 the Board of Directors co-opted Stefano Cappiello as a non-executive and independent director. The non-executive and independent Director, Paolo Damilano, was appointed by co-optation by the Board of Directors on 29 July 2025 to replace Director Enrico Tommaso Cucchiani, who had tendered his resignation on 28 May 2025, effective upon the appointment of his replacement.

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The Board of Directors of Terna (term of office 2023-2025), as of the date of this Report, is therefore composed of 13 Directors and its term of office will expire with the Annual General Meeting to approve the financial statements as of 31 December 2025.

Below is the composition of the Board of Directors as of the date of approval of this Report:

DIRECTORS WITH DELEGATED POWERS



**IGOR
DE BIASIO**
CHAIR
Board of Directors

CHAIR
Sustainability,
Governance and
Scenarios Committee



**GIUSEPPINA
DI FOGGIA**
CHIEF EXECUTIVE
OFFICER AND
GENERAL
MANAGER
Board of Directors

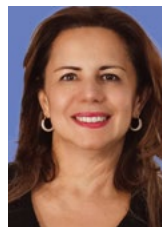
DIRECTORS WITHOUT DELEGATED POWERS



**JEAN-MICHEL
AUBERTIN**
DIRECTOR
Board of Directors
MEMBER Sustainability,
Governance and Scenarios
Committee
MEMBER
Audit and Risk Committee



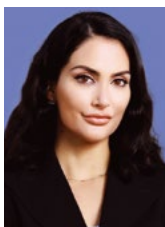
**STEFANO
CAPPIELLO⁷**
DIRECTOR
Board of Directors
MEMBER
Audit and Risk Committee



**REGINA CORRADINI
D'ARIENZO**
DIRECTOR
Board of Directors
MEMBER
Remuneration and
Nominations
Committee



**PAOLO
DAMILANO⁸**
DIRECTOR
Board of Directors
MEMBER
Remuneration and
Nominations Committee
MEMBER
Audit and Risk Committee



**ANGELICA
KRSTLE DONATI**
DIRECTOR
Board of Directors
MEMBER
Related-Party
Transactions
Committee



**MARCO
GIORGINO**
DIRECTOR
Board of Directors
CHAIR
Audit and Risk Committee
MEMBER
Related-Party Transactions
Committee



**GIAN LUCA
GREGORI**
DIRECTOR
Board of Directors
CHAIR
Remuneration and
Nominations Committee
MEMBER
Related-Party
Transactions Committee



**KARINA AUDREY
LITVACK**
DIRECTOR
Board of Directors
MEMBER
Remuneration and
Nominations Committee
MEMBER
Audit and Risk
Committee



**QINJING
SHEN**
DIRECTOR
Board of Directors
MEMBER
Sustainability,
Governance
and Scenarios
Committee



**SIMONA
SIGNORACCI**
DIRECTOR
Board of Directors
MEMBER
Remuneration and
Nominations Committee
MEMBER
Sustainability, Governance
and Scenarios Committee
MEMBER
Related-Party
Transactions Committee



**ANNA CHIARA
SVELTO**
DIRECTOR
Board of Directors
CHAIR
Related-Party
Transactions Committee
MEMBER
Sustainability,
Governance
and Scenarios
Committee

⁷ the non-executive and independent Director, Stefano Cappiello, was appointed by co-optation by the Board of Directors on 24 June 2025, following the resignation of Director Francesco Renato Mele, submitted on 27 May 2025 and effective upon the appointment of his replacement.

⁸ the non-executive and independent Director, Paolo Damilano, was appointed by co-optation by the Board of Directors on 29 July 2025 to replace Director Enrico Tommaso Cucchiani, who had tendered his resignation on 28 May 2025, effective upon the appointment of his replacement.



The composition of the Remuneration and Nominations Committee is dealt with in the following paragraph.

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In accordance with statutory requirements and the Articles of Association, the Board of Directors is vested with the following responsibilities with regard to the Remuneration Policy:

- determining the remuneration of Directors with delegated powers in compliance with the Articles of Association in consultation with Board of Statutory Auditors;
- setting the objectives and approving the corporate results for the performance-related plans to which determination of the variable remuneration of Directors with delegated powers is connected;
- approving the general criteria for the remuneration of Key Management Personnel;
- approving the Report on the Remuneration Policy and Remuneration Paid, to be put to a vote at the Annual General Meeting, which is binding in the case of Section I and non-binding in the case of Section II.

The Board may also delegate its authority to an Executive Committee consisting of a number of Board members or one or more of its members, including the Chair, determining the content, limits and procedures for exercising the delegated authority in compliance with art. 2381 of the Italian Civil Code and determining the related fees in consultation with the Board of Statutory Auditors.

All persons (including the Chief Executive Officer and General Manager) abstain during discussion of or voting on their own remuneration.

The commitment actually required from the Directors and members of the Oversight Body is shown below. The Board of Directors held 9 meetings in 2025. All the meetings were attended by all members of the Committee (98%) and the average duration was approximately 2 hours and 46 minutes.

Remuneration and Nominations Committee






Composition

Terna's Remuneration Committee was established in 2004.

As of 23 October 2024, the Committee also assumed the tasks related to nominations and was therefore named the Remuneration and Nominations Committee; in the following pages, reference will always be made only to the tasks related to Remuneration.

At the date of approval of this Report, the Remuneration and Nominations Committee is made up entirely of non-executive Directors, the majority of whom are independent - in compliance with art. 147-ter, para. 3 of the CLF and art. 2 of the Corporate Governance Code. One member (Karina Audrey Litvack) is a Director elected from the slate submitted by a group of shareholders consisting of asset management companies and other institutional investors, which obtained the highest number of votes. Moreover, in line with the Corporate Governance Code, at least one member of the Committee has suitable knowledge and experience in financial matters or remuneration policies, as assessed by the Board of Directors at the time of appointment. It should be noted that the Board of Directors, which will be elected by the Annual General Meeting on 12 May 2026, will appoint the new Remuneration Committee for the 2026-2028 term of office.

Composition of the Remuneration and Nominations Committee (at the date of approval of this Report):

NAME	ROLE
 Gian Luca Gregori	Chair
 Regina Corradini D'Arienzo	Member
 Paolo Damilano⁹	Member
 Karina Audrey Litvack	Member
 Simona Signoracci	Member

N.B.: It should be noted that the position of Chair of the Remuneration and Nominations Committee until 29 July 2025 was held by the non-executive and independent Director, Enrico Tommaso Cucchiani. Director Cucchiani resigned from his position as Director on 28 May 2025 with effect from the appointment of the replacement, which took place on 29 July 2025 with the appointment by co-optation of the non-executive and independent Director Paolo Damilano. On the same date, the Board of Directors appointed Director Gian Luca Gregori, previously a member of the Remuneration and Nominations Committee, as Chair of that committee.

⁹ the non-executive and independent Director Paolo Damilano was appointed a member of the Remuneration and Nominations Committee by the Board of Directors on 29 September 2025, in order to integrate the composition of the Committee following the resignation of Director Enrico Tommaso Cucchiani.



Objectives, functions and activities

The Committee aims to ensure that the remuneration policies of Directors and Key Management Personnel are designed in such a way as to avoid conflicts of interest, taking into account the Company's mission and to comply with the provisions of the Corporate Governance Code, in particular, as regards to the contribution made by the remuneration policy to the company's strategy, the pursuit of long-term interests and the sustainability of the Company. To this end, the Committee has assessment, consultative and advisory functions. The authority to determine the remuneration of Directors with delegated powers remains, in any case, with the Board of Directors, after consultation with the Board of Statutory Auditors (in compliance with art. 2389, para. 3 of the Italian Civil Code), in compliance with the Remuneration Policy adopted by the Company and approved by the Annual General Meeting.

The Chair of the Committee, with the assistance of the Secretary of the Committee and in coordination with the Company Secretariat, may from time to time invite the Chairman of the Board of Directors to the meetings of the Committee, with reference to the individual items on the agenda, the Chief Executive Officer, the members of the Audit, Audit and Risk Committee and other members of the Board of Directors, as well as, after informing the Chief Executive Officer, other members of Terna's organisation or other persons whose presence may be helpful to the Committee in carrying out its duties.

It should be noted that all persons (including the Chief Executive Officer and General Manager) do not take part in the meetings of the Committee in which proposals relating to their remuneration are designed, except in the case of proposals that concern the details of the members of the Committees.

Tasks of the Remuneration and Nominations Committee

(Below is a description of tasks related to Remuneration only)

To periodically assess the adequacy and overall coherence of the remuneration policy for Directors, members of the Board of Statutory Auditors and Key Management Personnel.

To submit proposals or express opinions to the Board of Directors on the remuneration of executive Directors and other Directors with delegated powers, and to determine the performance objectives linked to the variable component of their remuneration, which also include indicators relating to ESG factors.

To monitor effective application of the remuneration policy and verify the effective achievement of performance targets.

To draw up and submit to the Board of Directors and monitor the application of short- and long-term incentive schemes (including shareholding plans) aimed at Terna's executive Directors and/or key management personnel and/or other senior managers of the Company and/or the Group. Such schemes are intended as a means for attracting, retaining and motivating personnel with suitable experience and expertise, by fostering loyalty and ensuring a constant focus on the creation of value over time.

To assist the Board of Directors in drawing up the remuneration policy for Directors, members of the Board of Statutory Auditors and the key management personnel and in any subsequent amendments, verify, among other things, how, in determining this policy, the pay and working conditions of its employees and/or Group employees were taken into account.

To assist the Board of Directors in preparing the Report on the Remuneration Policy and Remuneration Paid pursuant to art. 123-ter of the CLF.

To verify the independence of any external consultants that the Company uses for the purpose of drawing up the remuneration policy, or any subsequent amendments to it, and carry out any additional tasks assigned to it by the Board of Directors.

To propose to the Board of Directors, subject to the favourable opinion of the Related-Party Transactions Committee, temporary exceptions to the remuneration policy, in accordance with the provisions of art. 123-ter, para. 3-bis of the CLF.

Information on the Committee's activities during the year is also included in the Report on Corporate Governance and Ownership Structures, published by the Company together with the Annual Report prepared pursuant to art. 154-ter of the Consolidated Law on Finance and available on the Company's website (in the section Governance).

The Committee's activities were carried out within a complex and ongoing process leading, amongst other things, to definition of the new Remuneration Policy and the related compensation tools, and the preparation of this Report.

During 2025, the Committee held a total of 14 meetings, characterised by the regular participation of its members (93%)¹⁰ and an average duration of approximately 69 minutes.

In 2025, whilst retaining its remit regarding appointments, the Committee dealt, amongst other things, with the following matters:

- preparation of the proposed Remuneration Policy for 2025, described in the Report on the Remuneration Policy and Remuneration Paid, as approved by the Board of Directors, submitted to a binding vote at the Annual General Meeting called to approve the financial statements for the year ended 31 December 2024 in accordance with art. 123-ter, paragraphs 3-bis and 3-ter of the CLF;
- support for the Board of Directors in preparing Section II of the Report on the Remuneration Policy and Remuneration Paid, as approved by the Board of Directors and submitted, pursuant to art. 123-ter, para. 6 of the CLF, to a non-binding vote at the Annual General Meeting called to approve the financial statements for the year ended 31 December 2024;
- examination of the objectives for 2025 to which the variable remuneration of the Chief Executive Officer, in his/her role as both a Director and as a manager employed by the Company, and Key Management Personnel is linked;
- assessment of achievement of the results for 2024 in respect of payment of the annual variable remuneration due to the then Chief Executive Officer, in his role as both a Director and as a manager employed by the Company, and to Key Management Personnel;
- assessment of achievement of the objectives linked to payments under Performance Share Plan 2022-2026;
- approval of details of the structure of the Performance Share Plan 2025-2029 and the related Information Circular, examination of elements involved in implementation of the Plan and approval of the terms and conditions and the instruments to be awarded;
- analysis relating to benchmarking activities for the Top Management;
- discussion for the planning of activities in 2026.

Below is a summary of the activities carried out by the Committee in the first months of 2026 for the purposes of this Report:

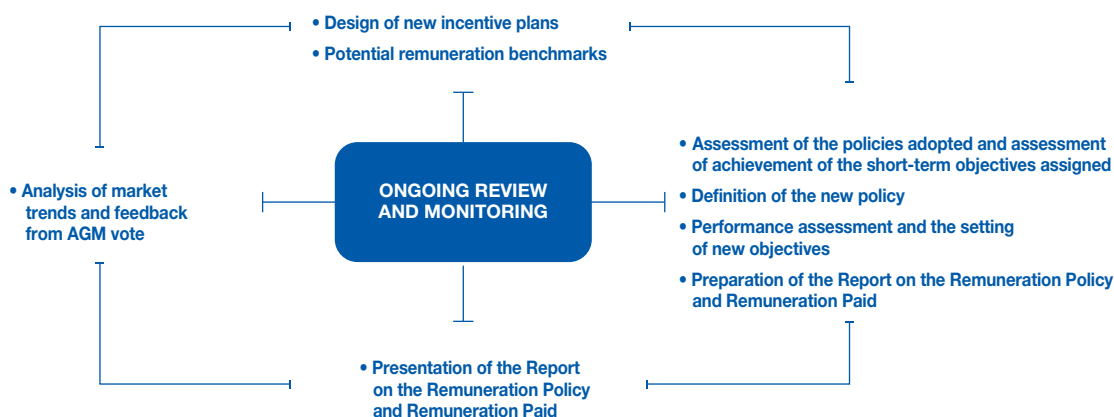
- preparation of the proposed Remuneration Policy for 2026, described in the Report on the Remuneration Policy and Remuneration Paid, as approved by the Board of Directors, which will be submitted to a binding vote at the Annual General Meeting called to approve the financial statements for the year ended 31 December 2025 in accordance with art. 123-ter, paragraphs 3-bis and 3-ter of the CLF;
- support for the Board of Directors in preparing the Section II of the Report on the Remuneration Policy and Remuneration Paid, as approved by the Board of Directors and to be submitted, pursuant to art. 123-ter, para. 6 of the CLF, to a non-binding vote at the Annual General Meeting called to approve the financial statements for the year ended 31 December 2025;
- examination of the objectives for 2026 to which the variable remuneration of the Chief Executive Officer, in his/her role as both a Director and as a manager employed by the Company, and Key Management Personnel is linked;
- assessment of achievement of the results for 2025 in respect of payment of the annual variable remuneration due to the then Chief Executive Officer, in his role as both a Director and as a manager employed by the Company, and to Key Management Personnel;
- assessment of achievement of the objectives for payments under the Performance Share Plan 2023-2027;
- approval of details of the structure of the Performance Share Plan 2026-2030 and the related Information Circular.

¹⁰ The average attendance at meetings is conventionally calculated on the basis of five members. It should be remembered that in the period between 29 July and 29 September 2025 the Committee was composed of only 4 members



THE ACTIVITY CYCLE OF THE REMUNERATION AND NOMINATIONS COMMITTEE

(Below is a description of tasks related to Remuneration only)



Board of Statutory Auditors

With regard to remuneration, the Board of Statutory Auditors expresses the opinions required by the regulations in force with reference, in particular, to the remuneration of Directors with delegated powers pursuant to art. 2389 of the Italian Civil Code, verifying their coherence with the Company's remuneration policy. The Board of Statutory Auditors regularly participates in the meetings of the Remuneration and Nominations Committee, and is made up of the following three statutory auditors:

- Mario Matteo Busso – Chairman
- Lorenzo Pozza – Auditor
- Antonella Tomei – Auditor

In 2025, the Board of Statutory Auditors, through its members, participated in 13 meetings of the Remuneration and Nominations Committee (out of a total of 14 Committee meetings).

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3.2 Policy approval process

In line with the related statutory and regulatory requirements in force and the recommendations in the Corporate Governance Code, the decision-making process leading to implementation of the Remuneration Policy and responsibility for its correct application may be broken down into the following steps involving a number of parties:



1. the Remuneration and Nominations Committee prepares the Company's Remuneration Policy for Directors (including the General Manager), Key Management Personnel and the Board of Statutory Auditors, working closely with the Human Resources Department and basing its analyses on the information and the work of the departments needed in order to carry out its role;
2. the Remuneration and Nominations Committee may call upon independent experts in the field;

3. the Remuneration and Nominations Committee submits the Policy for approval by the Board of Directors, which adopts the content thereof in relation to the Remuneration Policy for Directors (including the General Manager) and Key Management Personnel and long-term incentive plans. Furthermore, with reference to the determination of remuneration for the Chief Executive Officer and Directors holding special office, the Board hears the opinion of the Statutory Board of Auditors;
4. the Board of Directors, having examined and approved the Policy, puts it to the vote at the General Meeting of Shareholders, which holds a binding vote on Section I and a non-binding vote on Section II¹¹.

Should the General Meeting of Shareholders not approve the Remuneration Policy following the vote held in accordance with para. 3-*bis*, Terna may continue to pay remuneration on the basis of the most recent Remuneration Policy approved by Annual General Meeting or, failing this, will continue to pay remuneration in line with current practice. In this case, Terna will put a new Remuneration Policy to a shareholder vote at the latest on the occasion of the next Annual General Meeting of shareholders provided for in art. 2364, para. 2 of the Italian Civil Code, or of the Annual General Meeting of shareholders provided for in art. 2364-*bis*, para. 2 of the Code.

In exceptional circumstances, Terna may temporarily derogate from its remuneration policies, as permitted by art. 123-*ter*, para. 3-*bis* of the CLF and art. 84-*quater*, para. 2-*bis*, letter c) of the Issuers' Regulation. Exceptional circumstances shall be understood to mean situations in which derogation from the Remuneration Policy is necessary in order to pursue the long-term interests and sustainability of the Company as a whole or to ensure its ability to compete in the market.

These exceptional circumstances may include, but are not limited to, the following:

- a need to operate retention policies in favour of personnel considered strategic for the Group;
- the implementation of policies designed to attract people capable of making a contribution to the growth and development of the business;
- the recognition of individual and/or collective performances considered important and highly positive for the Group;
- discontinuity in the organisation of the business, both linked to extraordinary operations, such as mergers and disposals, including of companies/business units, and linked to significant changes in the composition of senior management;
- external changes of a socio-economic nature or the occurrence of extraordinary and unforeseeable events that – by changing the relevant market scenario – could have a significant impact on the Group's results.

Should such exceptional circumstances occur, the Board of Directors, on the recommendation of the Remuneration and Nominations Committee and, where envisaged, having previously activated the Procedure for Related-Party Transactions adopted by the Company, may approve specific temporary derogations from the Remuneration Policy described in this Report. In line with best market practices and aimed at adequately responding to the requests of proxy advisors, the possible exemptions were reviewed and the exemption measures were outlined. Exemptions to this Policy are possible when necessary to the pursuit of the long-term interests and sustainability of the Company as a whole or to ensure its ability to compete in the market, and in particular with regard to:

¹¹ It should be noted that the Procedure for Related-Party Transactions, adopted by the Board of Directors on 12 November 2010, as subsequently amended (lastly by the Board of Directors on 16 June 2021 following a proposal made by the Related-Party Transactions Committee on 14 June 2021 and formal amendments of 28 February 2022 and 17 February 2025) excludes the following from the scope of the Procedure: shareholder resolutions pursuant to art. 2389, para. one of the Italian Civil Code, regarding the remuneration of members of the Board of Directors and the Executive Committee and resolutions on the remuneration for Directors with delegated powers falling within the total amount previously approved by Annual General Meeting in accordance with art. 2389, para. three of the Italian Civil Code, and shareholder resolutions pursuant to art. 2402 of the Italian Civil Code regarding the remuneration of members of the Board of Statutory Auditors. Furthermore, resolutions on the following matters are excluded from the scope of the Procedure for Related-Party Transactions:

- 1) equity-based plans approved by Annual General Meeting of Terna's shareholders in accordance with art. 114-*bis* of the CLF, and the related executive actions;
- 2) deliberations regarding the remuneration of Directors with delegated powers and Key Management Personnel, computed on an individual basis, provided that i) the Company has adopted a remuneration policy approved by the Annual General Meeting; ii) the process of drawing up the remuneration policy involved a committee consisting solely of non-executive directors, a majority of whom are independent, corresponding with, where established, the Remuneration Committee; iii) the remuneration awarded is determined in accordance with this policy and quantified on the basis of criteria that do not involve discretionary judgements.



- the fixed component of remuneration, in cases when, for example, it becomes necessary to replace, due to unforeseen events, the Chief Executive Officer and General Manager or Key Management Personnel, and to rapidly negotiate a remuneration package, without limiting the possibility of attracting managers with the most appropriate professional expertise to manage the Company and in any case guarantee the preservation of the same levels of sustainable success and market positioning;
- the short-term variable component, with reference to the level of achievement of the objectives, the criteria used to assess the achievement of the performance objectives, the introduction of any deferred payment systems, and the ex-post correction mechanisms of the variable component (malus and clawback), if there have been significant changes in the scope of the Company's business, such as the sale of a company/branch of business or the acquisition of a significant business;
- the long-term variable component, with reference to the level of achievement of the objectives, the criteria used to assess the achievement of the performance objectives, the reshaping of clauses for the retention of financial instruments in the portfolio after their allocation, and the ex-post correction mechanisms of the variable component (malus and clawback), if there have been significant changes in the scope of the Company's business, such as the sale of a company/branch of business or the acquisition of a significant business.

3.3 Independent experts and other parties involved

For many years, Terna has relied on the support of leading consultancy firms specialising in Executive Compensation, covering a range of areas including remuneration analyses, specific studies on remuneration, and best practices for the Report on the Remuneration Policy and Remuneration Paid.

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The Human Resources department draws up the guidelines, accompanied by all the technical aspects required in order to prepare the Remuneration Policy. This Department also acts as an internal technical body supporting the Remuneration and Nominations Committee, for which it prepares the material for use by the Committee.

The Administration, Finance and Control department contributes to identification and achievement of the operating and financial objectives underlying short- and long-term incentive schemes.

The Heads of other departments are also consulted when defining objectives pertaining to projects or specific issues.

The Human Resources, Administration, Finance and Control, General, Legal and Corporate Affairs, Strategy, Digital and Sustainability Departments support the drafting process of this Report, which is then submitted to the Remuneration and Nominations Committee.

4. Remuneration policy

4.1 Content, purposes and links with the Group's strategy

The Policy described in this Report focuses exclusively on the pay of members of management bodies, the General Manager, Key Management Personnel and the members of oversight bodies¹².

Purposes of the policy and links with the Group's strategy

The Policy described in this Report, of annual duration, has the following purposes:

Attract, retain and motivate personnel with the professional skills required in order **to successfully manage the Company**

Facilitate **alignment** of the **interests** of **management** with pursuit of the priority goal of **creating shareholder value** through the use of short- and long-term variable components of pay

Support delivery of the objectives included in the Company's **Industrial Plan**

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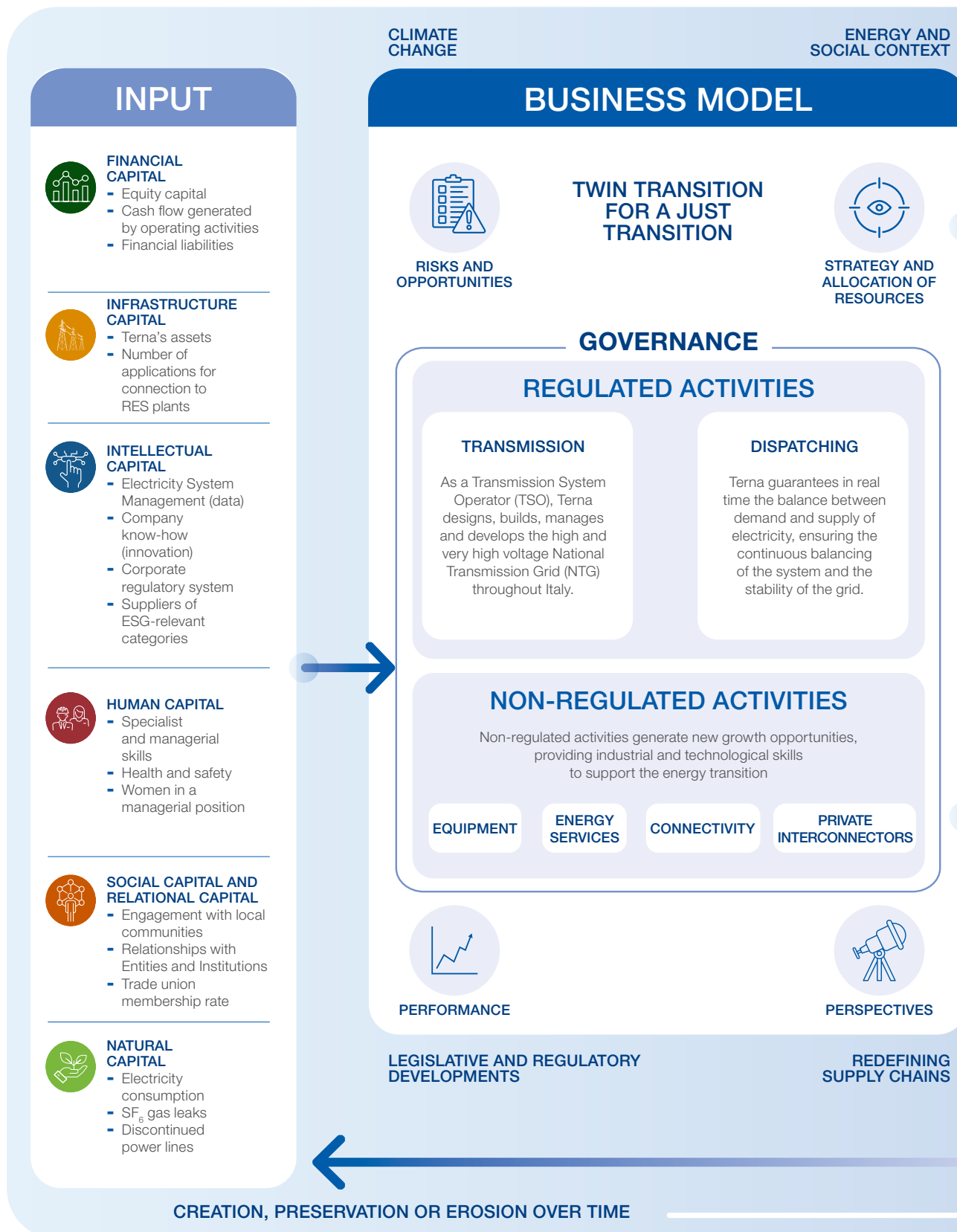
The key aspects of the Group strategic vision are:

- **Regulated activities Italy:** significant acceleration of investments in infrastructure and digitalisation, with the aim of enabling the twin energy and digital transition, strengthening security, resilience and quality of service, as well as supporting the increasing integration of renewable sources. In this context, the Terna Group confirms its role as enabler and director of the energy transition, acting as central coordinator of the national electricity system, also through:
 - the enhancement of the planning, implementation and entry into operation of investments;
 - the evolution of dispatching processes, supported by digitisation, automation and advanced use of data;
 - the strengthening of dialogue with national and territorial institutions, local communities and stakeholders, with a view to just transition, attentive to the social and territorial repercussions of infrastructure interventions.
- **Non-regulated Activities:** Terna will continue to pursue new business opportunities thanks to the development of innovative and digital technologies in line with the Group's institutional role in the energy transition. Specifically, these activities include:
 - *activities in the field of equipment*, both in that of transformers, thanks to the consolidation of Tamini, and in that of underground cables, through the distinctive skills acquired with the Brugg Cables Group, with the aim of supporting the infrastructural needs of the electricity system and contributing to the strengthening and resilience of the supply chain;
 - *Connectivity services*, also through partnerships, with telecommunications operators and electricity distributors, through fibre optic infrastructure housing and hosting services and the installation of telecommunications devices at existing offices of the Terna Group;
 - *energy solutions services*, development of integrated solutions for energy efficiency, construction, revamping and O&M of photovoltaic systems, through the new structure of market activities and the role of Altenia as the Group's system integration platform.
- **International:** in conjunction with the ongoing process of asset development in South America, the monitoring of the foreign market will continue, with a focus on the Balkans and the Mediterranean, in order to analyse the evolution of the scenario and context.

¹² It is recalled that the Board of Directors currently in office, on the date of approval of this Report, will cease its term of office with the holding of the General Meeting of Shareholders convened for the approval of the financial statements as at 31 December 2025. In accordance with the provisions of Articles 2364(1)(3) and 2389 of the Italian Civil Code, the new Board of Directors – once appointed by the Annual General Meeting – shall therefore determine, subject to a resolution by the General Meeting where necessary, the remuneration payable to Directors holding specific positions, as well as the remuneration payable to non-executive Directors for their participation in board committees.



The value creation process and the business model



OUTPUTS

Investment in NTG

Monitoring and predictive maintenance

Nuove concessioni impianti FER

New efficient territorial planning model

CO₂ emissions

Quality, security and continuity of the electricity service

Waste produced

OUTCOME



FINANCIAL CAPITAL

- Financial stability
- Development of sustainable finance
- Shareholder return



INFRASTRUCTURE CAPITAL

- Adequacy and safety of the electricity system
- NTG resilience and efficiency
- Continuity and quality of the electricity service



INTELLECTUAL CAPITAL

- Development of an innovation ecosystem (Open Innovation)
- Greater integration of ESG criteria in the supply chain
- Strengthening corporate compliance and risk mitigation



HUMAN CAPITAL

- Employee development
- Strengthening occupational safety (safety index)
- Inclusion and protection of diversity



SOCIAL CAPITAL AND RELATIONAL CAPITAL

- Improved relationships with local communities
- Consolidation of relationships, partnerships and collaborations
- Increased awareness of Terna's role and business



NATURAL CAPITAL

- Reduction of CO₂ emissions
- Recovery and recycling of waste produced
- Consumption efficiency
- Landscape impact mitigation

SDGs





The Terna Group's process for creating value over time¹³ is guided by a **Governance** oriented towards sustainable success that aims to define and implement a clear medium- and long-term **strategy**. Based on the guidelines contained within the **2025 Development Plan** and the **2024-2028 Industrial Plan** update, this strategy aims to foster and realise an energy and digital transition that also takes into account social impacts (a so-called **just transition**). Crucial to the achievement of this strategic objective is the correct **allocation of resources**, undertaking investments that aim to enhance and improve the efficiency and resilience of the National Transmission Grid (NTG) while ensuring an adequate assessment and management of economic and financial **risks**, including those of an ESG nature connected to the business, and of the possible **opportunities** related to them. In presenting its business model and any updates, among other things the Terna Group takes into account the impacts, risks and opportunities associated with significant areas of activity that could potentially occur in its own operations or those related to the value chain, in order to make it more resilient and adaptable to changes in the external context.

In line with the enabling factors of the 2024-2028 Industrial Plan Update, the Terna Group's business model is structured into two main distinct areas of activity (Regulated Activities and Non-regulated Activities) that correspond to the core business (Electricity Transmission and Dispatching) and the complementary strand, respectively, that operates in the free market, with a new structure for the Terna Group's market subsidiary that integrates diversified skills along the entire energy value chain for the design, engineering, operation and maintenance of solutions for the energy market.

The **capitals** represent the essential resources at the Terna Group's disposal to create and preserve value over time through their continual combination and interaction, both within the Company and with the outside world, including in the latter the legitimate needs and expectations of stakeholders. Capital plays a fundamental role within the value creation process since it is an **input** of the process, measurable from one year to the next (on the left side of the infographic), an **output**, to be understood as the set of products, services, by-products and waste of an organisation (in the upper right hand of the infographic), and an outcome, to be understood as the process's ability to increase new resources and ensure their transformation in line with the objectives set by the Terna Group (on the right). As mentioned above, the capital that the Terna Group considers to create value and achieve its corporate objectives is both tangible – specifically, financial capital and infrastructure capital, represented by all of Terna's assets – and intangible – specifically, intellectual capital, human capital and social-relational capital.

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The value creation process over time takes inspiration from the United Nations Sustainable Development Goals, forming the heart of the 2030 Agenda. These provide Terna with a series of benchmark values, with SDGs 7 (Affordable and clean energy), 9 (Industry, innovation and infrastructure) and 13 (Climate action) fully aligned with the Company's mission and strategic objective of achieving a just transition. SDG 7 (Partnership for the goals), meanwhile, provides further impetus for accelerating delivery of this objective.

The SDGs also summarise the coherency of Terna's value creation process with the aim of delivering sustainable success, the operating results of which are measured through specific indicators.

¹³ Terna has adopted the principle-based framework proposed by the International Integrated Reporting Council (IIRC), the guiding principles of which are: (1) strategic focus and future orientation, (2) Connectivity of information, (3) Stakeholder relationships, (4) Materiality, (5) Conciseness, (6) Reliability and completeness, and (7) Consistency and comparability. Their almost total coincidence with the guiding principles in the GRI standard 101 – Foundation setting out the content of quality ESG reporting further strengthens the structure of this Report.

Terna's benchmark SDGs



Terna's Remuneration Policy for 2026 aims to guide the Group's management towards its strategic objectives while fully complying with the value creation model¹⁴.

In particular, in relation to the choice of indicators underlying the incentive schemes, the remuneration policy is geared towards the achievement of ESG objectives, with short- and long-term incentives linked to measures to combat climate change.

First and foremost, this refers to the target, which is also included in the new Performance Share Plan 2026-2030, directly linked to the implementation of the energy transition, which rewards the maximisation of production from non-programmable renewable sources and promotes their integration into the national electricity system, minimising overgeneration. This objective ensures the efficient inclusion of non-programmable renewable sources in the production mix fed into the grid. Therefore, it is decisive and can be linked to the reduction of the emission factor affecting Terna's Science Based Target. This applies, in particular, to the achievement of the Scope 2 emission target, accounting for 96% of the base year value (2019).

In addition, the Performance Share Plan 2026-2030 also confirmed the objective, called "Connessioni (Connections)", which measures the entry into operation of new capacity deriving from renewable sources functional to the energy transition and is related to the fight against climate change.

Finally, other objectives were also confirmed in 2026 - for the Chief Executive Officer and General Manager and for the executives with strategic responsibility - relating to the development of the network infrastructure, such as, for example, quality of service, output incentives (DSM and inter-zonal) and investments and entries into service related to the regulated sector, which are the basis for the country's transition to a zero-carbon economy.

Still on the subject of ESG objectives, it is worth mentioning the long-standing presence of short-term objectives related to the safety of Terna's workers and contractors. In particular, Terna's safety is monitored through three KPIs, namely a Workplace safety indicator (calculated as a weighted arithmetic average of the Injury Rate and the Lost Day Rate and valued by comparing the year's trend to the average trend of the previous three years); a KPI relating to the Reduction of Behavioural Accidents, which acts on the behaviours of individuals throughout the work activity; a KPI relating to the safety of contractors, which monitors the accidents occurring to the personnel of the contractor companies operating at Terna's sites.

¹⁴ It is recalled that the Board of Directors currently in office, on the date of approval of this Report, will cease its term of office with the holding of the General Meeting of Shareholders convened for the approval of the financial statements as at 31 December 2025. In accordance with the provisions of Articles 2364(1)(3) and 2389 of the Italian Civil Code, the new Board of Directors – once appointed by the Annual General Meeting – shall therefore determine, subject to a resolution by the General Meeting where necessary, the remuneration payable to Directors holding specific positions, as well as the remuneration payable to non-executive Directors for their participation in board committees.



With regard to the process used to select these indicators, the short-term incentive scheme involves the deployment of objectives to be cascaded down through the organisation as follows:

- for the Chief Executive Officer and General Manager, the principal drivers of the Industrial Plan have been selected and shaped into annual objectives;
- Key Management Personnel have been assigned a number of the objectives set for the Chief Executive Officer and General Manager in the form of Group objectives for all beneficiaries; the other objectives assigned to the Chief Executive Officer and General Manager or, in any event deriving from the Industrial Plan, have been assigned to Key Management Personnel based on their area of responsibility. In addition, where the achievement of particularly important strategic objectives requires the joint involvement of several areas of the Company, objectives have been assigned to Key Management Personnel across various departments;
- all the other beneficiaries have been similarly assigned Group objectives linked to the principal drivers of the Industrial Plan, with the other objectives cascaded down on the basis of the area of responsibility assigned, either individually or across departments, in order to ensure the maximum contribution of everyone to deliver of the overall strategy.

For 2026, the following objectives set in relation to short-term incentives have been confirmed:

- in terms of operating performance, the Group's EBITDA and Net Profit;
- in terms of Regulated Activities, Output-based incentives" both DSM and Interzonal, "Capital Expenditure", "Assets Entering Service" and "Service Quality", as defined by ARERA, in order to support the major commitment to the National Transmission Grid (NTG) in terms of both capital expenditure and service to the community;
- with regard to human resources and ESG issues in general, the Terna Group's occupational safety, Reduction of Behavioural Accidents and injuries to contractors' personnel, to ensure Terna's continued focus on issues relating to sustainability.

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Further information is provided in paragraph 4.7 "Remuneration of Key Management Personnel – short-term variable component (STI)".

Medium/long-term objectives are set for the long-term incentive scheme so as to ensure the sustainability of the business and align Terna's management with the Company's risk profile, as communicated to shareholders and stakeholders in the Industrial Plan. In particular, for the new 2026-2030 long-term incentive plan, it was decided to:

- within the scope of operating performance:
 - confirmation of FFO on Net Debt with weighting of 30%, in order to ensure the Group's financial sustainability
- within the scope of the market performance:
 - confirmation of the Total Shareholder Return with weighting of 15%, in order to continue to ensure the best alignment between management and shareholder interests
- within the scope of Industrial/ESG performance:
 - confirmation of overgeneration with weighting of 30%
 - confirmation of the "Connections" indicator and increase in relative weight from 10% to 25% in order to further strengthen the objectives related to the energy transition.

Further confirmation of the close link between the Company's medium/long-term strategic vision and the Remuneration Policy is provided by the fact the Chief Executive Officer and General Manager, as well as Key Management Personnel, the weighting assigned to long-term incentives is greater than the weighting assigned to short-term incentives in relation to overall remuneration.

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Working conditions and pay of employees

The Company annually monitors working conditions and pay in order to promote a Remuneration policy that is consistent for employees as a whole. The most significant HR initiatives included:

- The certification on gender equality obtained in accordance with UNI PdR 125.2022 in March 2024 represents a further safeguard within Terna's DE&I policies. This certification is part of the company's broader strategy, which confirms it as one of the most inclusive organisations committed to promoting gender equality. Proof of this is Terna's inclusion in Standard & Poor's Gender Equality & Inclusion Index, the new international index launched in August 2021, which evaluates the performance of listed companies in terms of gender equality and inclusion. Furthermore, Terna's commitment translates into the adoption of a company "Diversity, Equity & Inclusion" policy which, together with the Group's Code of Ethics, commits the Company to pursuing gender inclusion and equality, and to promoting talent and female leadership with specific projects.
- The establishment of the Gender Equality Steering Committee, which oversees the implementation of the Gender Equality Strategic Plan. The Plan establishes concrete and measurable objectives over the three-year certification period and envisages initiatives to foster an inclusive corporate culture, including: activities raising awareness on gender stereotypes, welfare policies for work-life balance, competence-based selection processes and growth paths for female leadership. Monitoring is done through performance indicators and periodic reviews, with the Committee meeting at least twice a year to assess progress and update actions according to business needs. Terna also takes a structured approach in analysing the Gender Pay Gap, regularly monitoring pay data to ensure pay equity. All remuneration policies are based on equity and performance criteria, ensuring that salary is defined solely on the basis of role and responsibility, regardless of gender.
- The TERNABILITY project, with which Terna is committed to going beyond legal obligations to create the best conditions to enable people belonging to protected categories to enter and fully participate in working life, acting on their growth process and on the causes that generate inequalities, to fully grasp the value and social innovation of the programme. In 2025, to reinforce this commitment, the new Strategic Plan for the inclusion of people with disabilities was formalised and communicated, with nine tangible and measurable objectives to be achieved year after year and over the three-year period of validity of the Plan, including: promoting greater sensitivity on the issue of disabilities, in particular invisible ones, making available TERNABILITY Corners, spaces in which people with disabilities, caregivers and teams can find support and guidance, publishing a disability Toolkit, to increase awareness of support tools and benefits. All these measures are aimed at supporting and promoting equity in the management of people with disabilities, including with respect to their growth and remuneration.
- The distribution of the value created by our community of people through the application of the agreement with trade unions on the Performance Bonus and opportunities linked to forms of corporate welfare, continuing to achieve significant results in terms of interest and usage. To this end, in line with the relevant legislation, the platform has been adapted, guaranteeing a higher threshold in terms of fringe benefits.

In the field of Welfare and Parenting, in 2025 Terna signed an agreement with the Trade Unions that further improves the current company system regarding work-life balance for parents, family assistance, people's well-being and supplementary pensions. In particular, the agreement provides for an increase in the number of days of paid leave for fathers following the birth of a child, bringing the total to 7 days – in addition to the statutory leave entitlement – a 15% increase in allowances for periods of parental leave, in addition to the statutory provisions; an increase in the number of days of leave for particularly serious circumstances and for family care; and a contribution of up to 60% towards nursery fees for parents.



FOCUS

In the area of psychophysical well-being, employees can access an online platform offering a network of gyms at preferential rates and digital content to help them look after themselves. In addition, the Welfare package includes a network of special offers across a wide range of product categories, a tax advisory service, and Intercultura scholarships for international experiences aimed at employees' children. During 2025, a complete service dedicated to well-being for employees and their families was also introduced, which includes the possibility of enjoying sessions with certified professionals and support services divided into three macro areas: emotional, physical and practical, accessible 7 days a week, 24 hours a day, through different channels (online and in person) completely reserved.

- During 2025, the Academy strengthened its role as a tool to accompany organisational and technological changes, expanding and diversifying the training offer in order to support the continuous updating of skills and the evolution of professional roles. In particular, the self-learning offering has been expanded, based on a microlearning approach and short, targeted digital content, designed to facilitate learning in time-constrained situations and cater to different learning styles. As part of this initiative, a new educational format was trialled in the form of a learning series supported by a chatbot, with the aim of increasing participant engagement and providing active support in applying the content.

Synchronous training courses open to the corporate population on the main transversal and professional skills have been launched, as well as initiatives to support the introduction of generative artificial intelligence tools in work processes, starting with the program on Microsoft Copilot. The most strategic initiatives include measures in the following areas: management training, promoting a culture of safety and operational excellence, digital skills, project management, wellbeing and sustainability, and a culture of respect.

- Also this year, listening initiatives aimed at the general public included the Employee Net Promoter System (e NPS). The participation figures reflect the high level of interest, with around 85% of those eligible for the Terna group taking part. In addition to expanding the range of indicators analysed – which now also include perceptions of adherence to the corporate strategy – the survey examines the ability to put core values and behaviours into practice, such as respect, diversity and inclusion, and personal accountability, as well as the level of satisfaction with the welfare benefits and services provided.

Strengthening the data base and engagement enables an increasingly accurate understanding of audience engagement and organisational dynamics, thereby providing more effective support for HR and development decisions.

Other employee engagement initiatives carried out throughout the year include: structured discussions designed to generate insights and encourage everyone to get involved in the planning of HR initiatives (Focus Groups); company-wide communities focusing on topics of interest to staff and relevant to the company's strategy (Employee Resource Groups); and engagement activities aimed at all departments to improve collaboration and team effectiveness (Team Building).

- The “Destinazione Terna” onboarding programme for new recruits also continued this year, designed to support their induction, integration and sense of belonging during their first 12 months.
- In 2025, the scheme for public transport season tickets – which had been in place since 2010 for offices in Rome – was extended to the main regional offices covered by the PSCL (Commuting Plan), encompassing the offices in Pero, Turin, Padua, Florence, Rome, Naples, Palermo and Cagliari. Under the scheme, Terna will pay the cost of the travel pass in advance to local transport operators, with the employee contributing 20% of the total amount. At the same time, company shuttle services are in operation to link public transport stops with Terna's offices; these are currently running at the offices in Rome and Pero, and from 2025 will also operate in Palermo, helping to encourage the use of public transport.

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- A no-cost e-bike rental scheme for employees has been in place since 2022, and there are also schemes available for public car-sharing, with discounted rates for fully electric vehicles and electric micromobility services.

4.2 Guidelines

In defining the Policy, the Remuneration and Nominations Committee and the Board took into consideration the principles and criteria set out in the Corporate Governance Code and, in particular, verified that the performance objectives, to which payment of the variable components are linked, are predetermined, subject to a maximum limit, measurable and to a significant extent linked to long-term performance and consistent with the Company's strategic objectives and aimed at promoting its sustainable success, while also including non-financial measures (e.g. sustainability indicators).

4.3 Implementation

In implementation of the above principles, it should be noted that:

- the remuneration of Directors without delegated powers is aligned with their expertise, professionalism and commitment required in order to perform the tasks assigned to them and is linked to their participation in Board Committees, with differences between the amount paid to Chair as opposed to the members of each Committee;
- the pay of the Chair of the Board of Directors consists of fixed remuneration in keeping with the role held;
- the pay of the Chief Executive Officer and, if appointed, the General Manager¹⁵, is designed to ensure a balance that is appropriate and consistent with the Company's strategic objectives and risk management policy, bearing in mind the nature of the business and the sector in which Terna operates, whilst ensuring that the variable component represents a significant part of the overall remuneration package.

In implementation of art. 5, Recommendation 27(f) of the Corporate Governance Code, a severance payment is also provided for in the event termination of the Chief Executive Officer's directorship and their employment as General Manager in the event of termination of the employment relationship, unless in specific cases.

¹⁵ The Policy is applied to Key Management Personnel in the same way as it is applied to the role of General Manager.



4.4 Elements of the remuneration policy

Terna's Remuneration Policy for 2026¹⁶ consists of the following key elements:

- a fixed component of remuneration;
- a short-term variable component (STI);
- a long-term variable component (LTI);
- benefits;
- severance.

A detailed description of each element of the Policy, based on the specific characteristics of each beneficiary, is provided below.

4.5 Remuneration of members of the Board of Directors

This section sets out the key aspects of the Guidelines to the Remuneration Policy for the following groups of people identified according to internal rules:

- Directors **without** delegated powers;
- Directors **with** delegated powers.

The Guidelines for the Remuneration Policy for 2026 have maintained continuity with the previous year¹⁷.

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4.5.1 Remuneration of Directors without delegated powers

Remuneration established by the Annual General Meeting

The annual remuneration of Directors with delegated powers consists solely of the fixed component, considered sufficient to attract, retain and motivate Directors endowed with the professional qualities required to successfully manage the Company. This component is linked to the commitment required for each of them. For the 2023-2025 term of office, this remuneration, as determined by the General Meeting of Shareholders of 9 May 2023, based on the recommendations put forward by shareholders, is €35,000 gross per year, in continuity with the previous term of office.

No variable component tied to the operating performance of the Company and the Group is provided for. Directors without delegated powers do not participate in the incentive plan and there is no distinction in terms of remuneration between independent and non-independent Directors.

These Directors are also entitled to reimbursement for expenses incurred while carrying out their duties in addition to insurance cover for civil liability towards third parties; they have the right, finally, to an insurance policy for occupational accidents related to the position.

¹⁶ It is recalled that the Board of Directors currently in office, on the date of approval of this Report, will cease its term of office with the holding of the General Meeting of Shareholders convened for the approval of the financial statements as at 31 December 2025. In accordance with the provisions of Articles 2364(1)(3) and 2389 of the Italian Civil Code, the new Board of Directors – once appointed by the Annual General Meeting – shall therefore determine, subject to a resolution by the General Meeting where necessary, the remuneration payable to Directors holding specific positions, as well as the remuneration payable to non-executive Directors for their participation in board committees.

¹⁷ It is recalled that the Board of Directors currently in office, on the date of approval of this Report, will cease its term of office with the holding of the General Meeting of Shareholders convened for the approval of the financial statements as at 31 December 2025. In accordance with the provisions of Articles 2364(1)(3) and 2389 of the Italian Civil Code, the new Board of Directors – once appointed by the Annual General Meeting – shall therefore determine, subject to a resolution by the General Meeting where necessary, the remuneration payable to Directors holding specific positions, as well as the remuneration payable to non-executive Directors for their participation in board committees.

Fee for participating in Board Committees

Additional fees payable to the members of Board Committees are determined by the Board of Directors, in consultation with the Board of Statutory Auditors.

For the 2023-2025 term of office, the annual fee payable to Directors for participation in Board Committees was determined by the Board of Directors on 9 May 2023, in consultation with the Board of Statutory Auditors, elected by the General Meeting of Shareholders held on 9 May 2023. In continuity with the previous Board, the fees are as follows:

Remuneration and Nominations Committee		Sustainability, Governance and Scenarios Committee	
Chair	€ 50,000	Chair	€ 50,000
Member	€ 40,000	Member	€ 40,000

Related-Party Transactions Committee		Audit and Risk Committee	
Chair	€ 50,000	Chair	€ 60,000
Member	€ 40,000	Member	€ 40,000

4.5.2 Remuneration of Directors with delegated powers

Chair of the Board of Directors

For the 2023-2025 term of office, the total remuneration for the role of Chair of the Board of Directors, which remained stable over the last four terms of office despite rising inflation and wage growth, as determined by the General Meeting of Shareholders and the Board of Directors on 9 May 2023, consists solely of the fixed component, broken down as follows:

Pay* art. 2389,
para. 1 of the Italian
Civil Code

€ 50,000

Pay** art. 2389,
para. 3 of the Italian
Civil Code

€ 188,000

* Annual pay approved by the General Meeting of Shareholders held on 9 May 2023 (and in accordance with art. 24.1 of Terna's Articles of Association).

** A fixed annual amount approved by the Board of Directors on 9 May 2023, as proposed by the Remuneration Committee after consultation with the Board of Statutory Auditors.

The Chair of the Board of Directors will thus receive a gross annual fixed remuneration of €238,000 for the 2023-2025 term of office.



Generally, in the case of other Directors with delegated powers and with whom the Company does not have an employment relationship, the Company does not provide severance payments or compensation of an extraordinary nature on termination of the term in office, with the exception of the Chair, who is due a payment on completing their term in office equal to 1/12 of total annual remuneration for each year in office.

Chief Executive Officer and General Manager

At Terna, the Chief Executive Officer's position as a Director and the General Manager's employment relationship are connected, so that when one is terminated so is the other.

The General Manager's employment relationship is governed by the existing National Collective Employment Contract for manufacturing and service companies. The forms of remuneration provided for all the Managers apply to the General Manager, in addition to those listed below¹⁸.

It should be noted that the overall remuneration package for the Chief Executive Officer and General Manager has remained unchanged over the last three terms of office, despite rising inflation and wage levels.

Fixed component of remuneration

Fixed component of remuneration - Chief Executive Officer

In continuity with the previous term of office, for the 2023-2025 term of office, total fixed remuneration for the role of Chief Executive Officer breaks was determined by the General Meeting of Shareholders and the Board of Directors on 9 May 2023 and comprises:

Pay* art. 2389, para. 1 of the Italian Civil Code

€ 35,000

Pay** art. 2389, para. 3 of the Italian Civil Code

€ 200,000

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* Annual pay approved by the General Meeting of Shareholders held on 9 May 2023 (and in accordance with art. 24.1 of Terna's Articles of Association).

** A fixed annual amount approved by the Board of Directors on 9 May 2023, as proposed by the Remuneration Committee after consultation with the Board of Statutory Auditors.

Fixed component of remuneration - General Manager

In continuity with the previous term of office, the General Manager's total fixed remuneration for the 2023-2025 term of office consists of a gross annual fixed component (Gross Annual Pay or GAP), approved by the Board of Directors on 9 May 2023, totalling **€ 850,000**.

*In summary, the total annual gross Fixed Remuneration for the Chief Executive Officer and General Manager is **€ 1,085,000**.*

¹⁸ It is recalled that the Board of Directors currently in office, on the date of approval of this Report, will cease its term of office with the holding of the General Meeting of Shareholders convened for the approval of the financial statements as at 31 December 2025. In accordance with the provisions of Articles 2364(1)(3) and 2389 of the Italian Civil Code, the new Board of Directors – once appointed by the Annual General Meeting – shall therefore determine, subject to a resolution by the General Meeting where necessary, the remuneration payable to Directors holding specific positions, as well as the remuneration payable to non-executive Directors for their participation in board committees.

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CEO and GM pay ratio

Also for 2026, the Company continued to monitor the ratio between the remuneration of the Chief Executive Officer and General Manager and the corporate population.

In order to also align with the CSRD, this ratio was calculated in two ways:

As in previous years, the pay ratio is calculated as the ratio between the gross annual fixed remuneration of the Chief Executive Officer and General Manager and the average fixed remuneration of the Terna Group workforce covered by the National Collective Labour Agreement for the Electricity Sector (the latter excluding the gross annual fixed remuneration of the Chief Executive Officer and General Manager), and amounts to 22.

It should be noted that, since 2016, the pay ratio calculated in this way has decreased, given the gradual increase in employees' fixed remuneration and the simultaneous confirmation, over several terms of office, of the same fixed remuneration for the CEO and the General Manager. In particular, the pay ratio from 2016 to 2021 was 26, in 2022 and 2023 it was 25, in 2024 it was 24, in 2025 it was 23 and in 2026 it was 22.

In line with the CSRD, the pay ratio is calculated as the ratio between the total gross annual remuneration of the Chief Executive Officer and General Manager and the median gross annual total remuneration of the Terna Group's corporate population (the latter excluding the total gross annual remuneration of the Chief Executive Officer and General Manager) and corresponds to a value of 55. It should be noted that total gross annual remuneration refers to the remuneration with the inclusion of all fixed and variable, monetary and non-monetary components.

Finally, it should be noted that the difference compared with last year's pay ratio calculated in this manner, is due to the fact that the current Chief Executive Officer and General Manager have now become fully eligible for the long-term incentive plans provided for in the Remuneration Policy.

Short-term variable component (STI)

The short-term incentive (STI) plan allows for the assessment of the annual contribution of each beneficiary to the performance of Terna and directs management actions towards strategic objectives in line with business priorities.

The Board of Directors, following the proposal of the Remuneration and Nominations Committee, defines the STI objectives for Directors with delegated powers and for the General Manager, with the abstention of the Chief Executive Officer and General Manager when it applies to his/her interests.

The short-term incentive scheme is not subject to deferral mechanisms. This decision was taken in view of the following elements:

- the Company's risk profile and the sector in which it operates;
- the presence of a long-term incentive scheme and its relative weighting with respect to the fixed component and the short-term variable component;
- the use of a rolling long-term incentive scheme that takes the form of annual awards, with a three-year vesting period and a two-year lock-up period;
- the existence of clawback provisions.



Finally, it should be noted that, in recent years, the objectives underlying the short- and long-term incentive schemes for both the Chief Executive Officer and General Manager and Key Management Personnel have become ever more demanding in order to support delivery of the increasingly challenging strategic plans, above all in terms of the objectives linked to investment, operating and financial performance and workplace safety. This approach has been confirmed for 2026, a particularly challenging year in view of macroeconomic and geopolitical developments.

In line with previous years, the short- and long-term variable incentive schemes established in the Remuneration Policy for 2026 also reflect the challenging nature of strategic objectives.

Short-term variable component (STI) - Chief Executive Officer

The short-term incentives foreseen for the Chief Executive Officer, for the powers delegated to them, are determined by the Board of Directors, with the abstention of the Chief Executive Officer and General Manager, based on the recommendation from the Remuneration and Nominations Committee and in consultation with the Board of Statutory Auditors.

Access to the incentive is subject to achievement of pre-defined corporate objectives of particular significance for the Company, proposed *ex-ante* by the Committee, approved by the Board of Directors and measured *ex-post* by the same Committee on an on/off basis.

The value of the annual incentive at the target level (all ON targets met), as approved by the Board of Directors, is equal to 100% of the Chief Executive Officer's fixed remuneration (for the 2023-2025 term of office¹⁹ €200,000 gross). No sum is payable if no target is achieved. This component does not currently provide for overperformance.

The table below shows the targets defined for the year 2026:

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STI objectives for 2026 – Chief Executive Office

OBJECTIVES	WEIGHTING	SCORE CURVE
Net profit for 2026 – the Terna Group	50%	ON/OFF
Incentives output - DSM: performance in 2026, measured with internal calculation tools in accordance with the methodology provided for in Resolution 326/24 on the measurement of volumes procured for services in 2026 less than or equal to 6 TWh	25%	ON/OFF
Output-based incentives - interzonal: retention for 2026 of the restrictions on transmission made available on the MGP to confirm the incentive introduced by ARERA resolution 440/2025 (+900 MW in total).	25%	ON/OFF

The first of the objectives assigned to the Chief Executive Officer measures the value of Net Profit in the Budget for 2026.

The indicator represents an integrated measurement of company performance (revenue, operating costs, financial expenses, etc.) that reflects operational effectiveness and overall financial management. Furthermore, Net Profit is closely related to profitability and value creation, therefore the use of this indicator guarantees alignment with the interests of the shareholders. The score curve, based on the Net Profit forecast in the 2026 Budget, motivates the management to reach and exceed the target, favouring a management style that is particularly results-oriented.

With reference to the second objective, this measures the 2026 performance using internal calculation tools in accordance with resolution 326/24 methodology, to value volumes procured for 2026 services less than or equal to 6 TWh.

The volumes procured for services on the DSM are a measure of Terna's efficiency as the electricity system's security manager and merit-order dispatching concessionaire. Lower volumes procured mean:

- an overall reduction in CO₂, Sox and Nox emissions;
- a reduction in costs for the system (i.e. end consumers).

¹⁹ It is recalled that the Board of Directors currently in office, on the date of approval of this Report, will cease its term of office with the holding of the General Meeting of Shareholders convened for the approval of the financial statements as at 31 December 2025. In accordance with the provisions of Articles 2364, paragraph 1, no. 3, and 2389 of the Italian Civil Code, the new Board of Directors – once appointed by the Annual General Meeting – shall therefore determine, subject to a resolution by the General Meeting where necessary, the remuneration payable to Directors holding specific positions, as well as the remuneration payable to non-executive Directors for their participation in board committees.

For these reasons, ARERA introduced an incentive mechanism aimed at rewarding Terna in relation to reducing these volumes.

The last objective represents the maintenance for 2026 of the restrictions on transmission made available on the Day Ahead Market (+ 900 MW in total) to obtain the incentive introduced by ARERA resolution 440/2025. The increase in transmission capacity between market zones reduces overall system costs, reduces possible cuts in the production of renewable energy plants due to grid congestion issues between market zones and, consequently, reduces power generation emission factors.

For these reasons, ARERA confirmed for the period 2024-2027 an incentive scheme linked to the increase in transmission capacity between market zones.

Short-term variable component (STI) - General Manager

The payment of short-term incentives (STI) to the General Manager is subject to verifying the achievement of the performance targets assigned annually, defined by the Board of Directors, on the recommendation of the Remuneration and Nominations Committee, with the Chief Executive Officer and General Manager abstaining from the process when it applies to his/her interests.

The value of the annual incentive at the target level for the General Manager, as approved by the Board of Directors, is equal to 35.3% (for the 2023–2025²⁰ term of office €300,000) of the gross annual remuneration for the relevant position (for the 2023–2025 term of office €850,000)

For 2026, the targets assigned to the General Manager are shown in the table below, with the related score curves.

STI objectives for 2026 – General Manager

OBJECTIVES	WEIGHTING	SCORE CURVE	Score
EBITDA 2026 – the Terna Group	25%	Change vs budget	Score
		> - €45m	0%
		= - €45m (Minimum)	80%
		Budget (Target)	100%
		≥ €45m (Maximum)	150%
<i>Linear interpolation is applied in the case of intermediate figures</i>			
Regulated capital expenditure – Terna Group*	20%	Change vs budget	Score
		< - 5% Budget or > + 5% Budget	0%
		= - 5% Budget or + 5% Budget	100%
		- 1% Budget ≤ X ≤ + 1% Budget	150%
<i>Parabolic interpolation is applied in the intervals</i>			
Regulated assets entering service – Terna Group*	10%	Change vs budget	Score
		> - €25m	0%
		= - €25m (Minimum)	80%
		Budget (Target)	100%
		≥ €25m (Maximum)	150%
<i>Linear interpolation is applied in the case of intermediate figures</i>			

²⁰ It is recalled that the Board of Directors currently in office, on the date of approval of this Report, will cease its term of office with the holding of the General Meeting of Shareholders convened for the approval of the financial statements as at 31 December 2025. In accordance with the provisions of Articles 2364(1)(3) and 2389 of the Italian Civil Code, the new Board of Directors – once appointed by the Annual General Meeting – shall therefore determine, subject to a resolution by the General Meeting where necessary, the remuneration payable to Directors holding specific positions, as well as the remuneration payable to non-executive Directors for their participation in board committees.



OBJECTIVES	WEIGHTING	SCORE CURVE	Score
Quality of Service (Regulated Energy Not Supplied, RENS)	20%	MWh	
		Target 2026 ARERA** +279 MWh (Minimum)	0%
		Target 2026 ARERA (Target)	100%
		Target 2026 ARERA - 10% (Maximum)	150%
		<i>Linear interpolation is applied in the case of intermediate figures</i>	
Workplace safety indicator (SI) Terna Group personnel working in the electricity sector	10%	SI > 1.2	0%
		SI = 1.2 (Minimum)	80%
		SI = 1 (Target)	100%
		SI ≤ 0.8 (Maximum)	150%
		<i>Linear interpolation is applied in the case of intermediate figures</i>	
Reducing Behavioural Accidents	10%	no activity	0%
		1 in 3 activities	80%
		2 in 3 activities	100%
		3 in 3 activities	150%
		<i>Linear interpolation is applied in the case of intermediate figures</i>	
Injuries to contractors' personnel in Italy	5%	Rate of change If* ** 26 vs 25 > Average rate 25 - 22 (> 8%)	0%
		Rate of change If* ** 26 vs 25 = Average rate 25 - 22 (= 8%)	80%
		Rate of change If* ** 26 vs 25 = - 22.5% Average rate 25 - 22 (= 6.2%)	100%
		Rate of change If* ** 26 vs 25 ≤ - 40% Average rate 25 - 22 (≤ 4.8%)	150%
		<i>Linear interpolation is applied in the case of intermediate figures</i>	

* Net of financial expenses.

** ARERA is the Regulatory Authority for Energy, Networks and the Environment (Autorità di Regolazione per Energia Reti e Ambiente).

*** Injury Rate

The first of the objectives assigned to the General Manager measures the value of EBITDA in the Budget for 2026. EBITDA measures the Group's operating performance: the indicator, in fact, represents the Group's ability to generate profitability through core operations, eliminating the effects of financing choices, tax structure and depreciation policies. By focusing on EBITDA, the Group emphasises the ability to generate value through operational management, a key element to ensure lasting growth.

The score curves, based on the EBITDA value forecast in the 2026 Budget, have been defined according to the regulatory context that characterises Terna's business and the management leverage available to it. These scenarios were designed to make the incentive system strongly oriented towards reaching and exceeding the target.

The second objective assigned to the General Manager measures the value of Investment in the Budget for 2026 for all the Terna Group's regulated activities.

In the electricity transmission sector, investments in infrastructure are crucial to ensure the energy transition and the evolution of the NTG with a view to ensuring quality, efficiency and innovation.

Therefore, monitoring the capital expenditure progress becomes a key element of proper business management. In addition, capital expenditure results in an increase in the invested capital recognised by ARERA (Regulated Asset Base), as leverage for the Group's future profitability.

The score curves take into account historical performance variability and are calibrated to a range of deviations that ensure effective investment management, support execution, and are consistent with the incentive mechanism for accurate investment forecasting introduced by ARERA in Res. 390/25, with a view to moving towards full ROSS regulation.

Regulated capital expenditure has significant spin-offs in terms of sustainability and social responsibility, contributing to several SDGs:

- SDG 7 Clean and Accessible Energy: capital expenditure promotes the integration of renewable sources and contributes to improving the efficiency of the grid, making energy more sustainable and accessible.
- SDG 9 Business, Innovation and Infrastructure: capital expenditure in state-of-the-art infrastructure and innovative technologies supports the development of efficient and resilient transmission networks, essential elements of a modern industrial infrastructure.
- SDG 13 Combating Climate Change: through capital expenditure in low environmental impact technologies and energy efficiency projects, the Group contributes to the reduction of greenhouse gas emissions and the adoption of more sustainable practices.

The third objective measures the Entries into service in the 2026 Budget, for all of the Terna Group's Regulated Activities. "Entries into service" means the value of the assets made available for network operation or operational use in the company, during the reference period.

The transition of investments from Contract work in progress (LIC) to Entries in service (EE) is a key step in the transformation of expenditure commitments into actual operational and running capacity. The regulatory framework, which envisages a more favourable rate of return for operating assets, provides incentives for the entry into service of Contract work in progress. Therefore, accelerating the completion of works means achieving economic benefits faster, and improving the electricity grid to make it more efficient, resilient and innovative, supporting the Energy Transition.

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The score curves take into account the historical variability of performance, which considers the complexity/size of the works to be carried out and the leverage available to management.

The entry into service of assets is directly related to the Group's ability to ensure modern, efficient and sustainable infrastructure. This supports environmental, economic and social sustainability objectives, contributing to:

- SDG 7 Clean and Accessible Energy: an advanced operational network facilitates the integration of renewable sources and improves energy efficiency
- SDG 9 Business, Innovation and Infrastructure: timely completion of projects testifies to innovation and modernisation of infrastructure
- SDG 13 Combating Climate Change: an operational and modern infrastructure reduces waste, improves efficiency and contributes to a more sustainable management of resources.

For the "Quality of Service" objective, the company's prerogative in operational management is to comply with the obligations arising from the government concession of electricity transmission and dispatching activities, i.e. to ensure that the entire country receives a secure, high-quality electricity service at the best price. In order to maintain the highest standards of service quality, operational performance is constantly monitored and measured using various indicators, including the RENS (Regulated Energy Not Supplied) indicator defined by the Energy Regulatory Authority (ARERA). In particular, this indicator measures the frequency and impact of events occurring on the electricity grid that are attributable to faults or external factors, such as particular weather situations. Based on the RENS indicator, ARERA establishes the incentive/penalty mechanisms that determine a component of Terna's regulated revenues. The indicator is calculated by summing the energy not supplied to users connected to the NTG, expressed in MWh, as a result of events originating on the relevant grid.



The score curves were developed from the target defined by ARERA, which decreases year after year (thus becoming more challenging) and which is the reference point for measuring company performance.

Meeting service quality standards contributes to achieving the following SDGs:

- SDG 9 Business, Innovation and Infrastructure: with a view to developing sustainable and resilient infrastructure
- SDG 13 Combating Climate Change: with a view to strengthening resilience and the capacity to adapt to climate-related risks and natural disasters.

The “Workplace safety” objective is represented by the safety indicator (SI), calculated as the weighted average of the Injury Rate and the Lost Day Rate and assessed by comparing the performance during the year with the average performance of the last three years.

It should be noted that the Terna Group's accident indices, and therefore also the so-called Safety Indicator used for STI purposes, do not take into account commuting accidents, which are compensated by INAIL but are not considered "at work" accidents, as well as accidents of any kind that are not recognised by INAIL as work-related accidents.

That said, the following are not considered:

- In Terna's experience, road accidents are significantly influenced by causes beyond the control of workers and the company.
- Accidents while working remotely, as the employer has no further workplace safety measures to use in addition to those already in place (a briefing given to the worker when the remote working arrangements were made, provision of adequate IT equipment).

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Finally, it should be noted that in the event of a fatal accident, which occurred in the cases considered for the purposes of calculating the Terna Group Safety Index, the relative score is zero.

The indicator Reducing Behavioural Accidents aims to further strengthen the change management process already under way by acting on the behaviour of individuals throughout their work.

Below is a description of the activities planned to achieve the objective:

- a) Inclusion of a bonus/penalty mechanism on occupational safety performance in the range of activities with the highest accident risk: 100% tenders launched from 1 June 2026 to 31 December 2026, in the sector of electrical and electromechanical installation works at stations.
- b) Update of the Integrated Management System Policy and the HSE Process Guideline: Update and approval of documents (PL02 and LG007).
- c) Extension of the safety programme's scope on construction sites by involving a greater number of employees and companies in the EIS programme: 25 new construction sites involved in the EIS project.

The final objective assigned to the General Manager is linked to injuries for contractors' personnel operating at Terna's sites (in Italy).

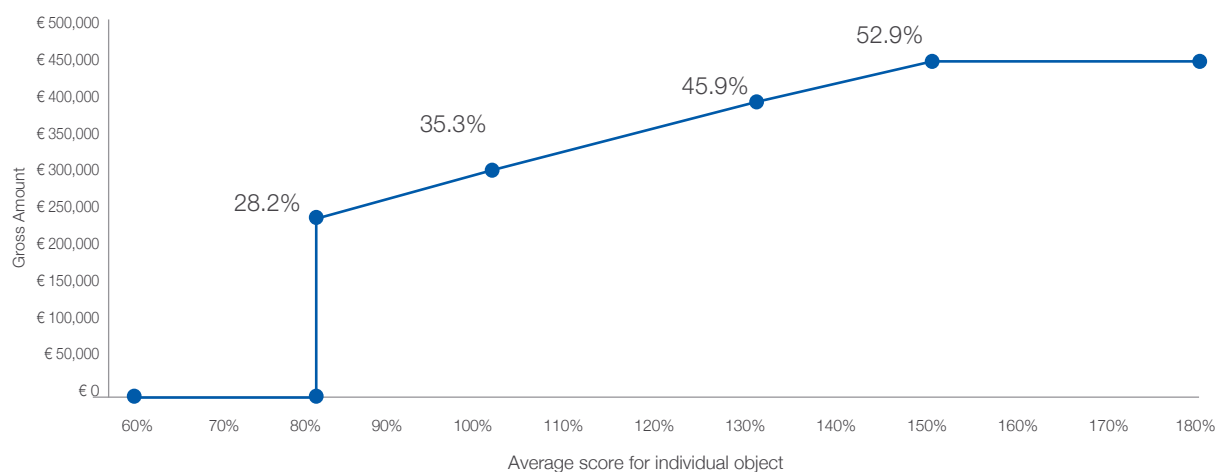
For Terna, Security is a fundamental factor in view of the activities carried out. That is why the Company is not only committed to its own staff but also to contractors. In view of the growing number of contractors' injuries over the years, Terna continues to implement initiatives that are consistent with this aim for the gradual reduction of this trend in the medium to long term. The number of injuries to contractors' personnel is related to the volume of activities they carry out; in particular, other factors being equal, it tends to grow with the number of resources committed and, therefore, the total hours worked. In a stable environment or one characterised by gradual growth, there is no significant correlation between an increase in the number of accidents and an increase in hours worked; however, in an environment marked by a strong strategic drive for growth, such as the one Terna is currently experiencing, it is considered more appropriate to use a normalised accident indicator, such as the Injury Rate (IR), as a KPI.

Finally, it should be noted that in the event of a fatal accident occurring in the cases taken into account for the calculation of the rate of change in the Injury Rate for contractors' personnel operating at Terna sites (within Italy), the relevant score is reset to zero.

If the average of the scores of the single targets is less than the minimum level, nothing is due. In the event of overperformance, it is not possible to attain a higher bonus than the maximum set.

The value of the annual incentive is related to the achievement of the performance curve, as illustrated below.

Short-Term Variable Incentive (STI) for General Manager



In summary, the total short-term variable remuneration for the Chief Executive Officer and General Manager, at target level, is equal to 46% of the total annual gross Fixed Remuneration.

Long-term variable component (LTI)

In order to contribute to the achievement of the long-term strategic objectives, the Company uses a long-term incentive scheme aimed at:

- ensuring that management's interests are aligned with the creation of long-term value for shareholders, by introducing a financial incentive into the remuneration structure of beneficiaries linked to the achievement of challenging multi-year performance objectives for the company, directly connected with share price performance and also with non-financial indicators;
- rewarding long-term performance through rolling, annual awards linked to strategic objectives;
- creating loyalty among the beneficiaries over the period of the Plan by making the economic incentive set out in the Plan linked to the employment relationship with the Group for the period of validity of the Plan.



In continuity with the approach used in previous years, for 2026, Terna has adopted a new rolling long-term equity-based incentive scheme. Specifically, in 2026 the Company will operate the Performance Share Plan 2026-2030 (the "Performance Share Plan 2026-2030"). This Plan, described in detail in the specific Information Circular prepared in accordance with art. 114-*bis* of the CLF and art. 84-*bis* of the Issuers' Regulation, marks a further step in the ongoing process of improving Terna's Remuneration Policy, with a view to more closely aligning the interests of management with those of shareholders, also reflected in the extended duration of the new Plan.

Key aspects of the Performance Share Plan 2026-2030 are described below.

Long-term incentive plan based on Performance Shares for 2026-2030

The Performance Share Plan 2026-2030 is intended for the General Manager (who also holds the position of Chief Executive Officer), Key Management Personnel and other managers selected from the Terna Group's senior and middle managers, be they Executives or Middle Managers, and provides for the use of Terna S.p.A.'s ordinary shares (Performance Shares) and rolling annual awards, with a three-year vesting period (2026-2028) and a two-year lock-up period.

The Plan envisages the grant of the right to receive free of charge a given number of Terna S.p.A.'s ordinary shares at the end of a vesting period and on the achievement of the performance objectives to which the Plan is linked. In this way, the interests of management are systematically linked to those of shareholders.

The performance indicators which determine the number of Performance Shares to be attributed at the end of the vesting period are:

- **FFO / Average Net Debt over the three-year period** which reflects the achievement of operational performance and monitors the company's financial strength. The selected ratio that provides the ratio of cash flows from business operations ("Funds From Operations") to "Net debt" measures the company's capacity to generate sufficient resources to cover future debt repayments: higher figures indicate greater financial strength. The intensified investment plan has led to an increase in debt over the years, resulting in a natural decline in the FFO/Net Debt ratio. The downward revision of the scoring curve compared with the previous LTI Plan is therefore consistent with the Group's financial outlook for the coming years and with the use of the available financial flexibility to support the investment plan.
- **Relative TSR versus a peer group**, which reflects the achievement of market performance as it includes both the performance accrued by the security over the reference period (differential between the price at the end and the beginning of the reference period) and the return ensured by the dividends distributed and reinvested in the security.
- **Overgeneration**, involving reduced use of modulated production from generation using non-programmable renewable sources, requested by Terna to meet security requirements for the National Electricity System.
- **Connections**, which measures Terna's efficiency in meeting average connection times; the objective is to facilitate the entry into operation of new renewable generation capacity functional to the energy transition by optimising connection times.

Details of the individual objectives and the related performance curves are provided below:

LONG-TERM INCENTIVE PLAN BASED ON PERFORMANCE SHARES FOR 2026-2030

OBJECTIVES	WEIGHTING	SCORE CURVE	Score
FFO / Average Net Debt over the three-year period	30%	FFO / Average Net Debt 2026-2028	Score
		<10%	0%
		10%	80%
		10.5%	100%
		≥11%	150%
<i>Linear interpolation is applied in the case of intermediate figures</i>			
Relative Total Shareholder Return 2026-2028 ²¹ Terna's ranking in the benchmark ²² peer group	15%	Ranking in peer group	Score
		5th, 6th or 7th place	0%
		4th place	80%
		3rd place	100%
		1st or 2nd place	150%
<i>If, despite ranking in 1st or 2nd place, Terna's TSR is negative in the reference period, the over-performance will not be recognised and the associated score will be 85% (the "negative TSR threshold").</i>			
Overgeneration involving reduced use of modulated production from generation using non-programmable (wind and solar) renewable sources, requested by Terna to meet security requirements for the National Electricity System	30%	Change on adjusted reduction rate in the reference period	Score
		> 0 GWh: for meeting target (564 GWh)	0%
		0 GWh: for meeting target (564 GWh)	80%
		-28 GWh: saving of 5% versus target (536 GWh)	100%
		-56 GWh: saving of 10% versus target (508 GWh)	150%
<i>Linear interpolation is applied in the case of intermediate figures</i>			
Connections	25%		Score
		Average ²³ connection time ²⁴ more than 110% of the time stipulated in the connection contracts ²⁵	0%
		Average ²³ connection time ²⁴ between 100% and 110% of the time stipulated in the connection contracts ²⁵	80%
		Average ²³ connection time ²⁴ within the time stipulated in the connection contracts ²⁵	100%
		Average ²³ connection time ²⁴ within 90% of the time stipulated in the connection contracts ²⁵	150%

The overall performance is measured as the weighted average of the scores achieved for each of the four Plan targets, according to the respective performance curves presented above. For the incentive scheme to be activated and, therefore, for the right to the award of Performance Shares to be attained, an overall minimum performance must be achieved, below which nothing is due. In the event of overperformance, it is not possible to attain a higher bonus than the maximum set.

²¹ Terna's TSR and that of its peers is calculated over a period of three years, using the average of closing share prices in 2025 and the same average for 2028. The source of the data for TSR is Bloomberg.

²² The companies in the peer group (Snam, Redeia, Enagas, National Grid, Severn Trent, United Utilities) are all major listed European utilities. They are part of the regulated utilities sub-sector and therefore implement a business model that, although related to different sectors, presents elements of uniformity and comparability with Terna's. The selection of the peer group was therefore guided towards the identification of stocks that reflect the characteristics of Terna's stock, with reference to the business cycle as well as with reference to external elements that may affect their performance, so much so that at the time of drafting this Report, the same stocks were examined by financial analysts for the purposes of evaluating and comparing them with Terna's stock. Equities that are subject to extraordinary operations that entail their delisting or a significant reduction in the free float, will be replaced (up to a maximum of two) by the following stock, listed in order: Elia and REN.

²³ The average is weighted on the maximum input power requested by the Applicant.

²⁴ Difference between the date on which Terna is ready to grant the first parallel to the plant and the date under contractual provisions.

²⁵ The time stipulated in the contracts, as provided for in Chapter 1 (art. 1A.5.9.3) of the Grid Code, is defined according to defined standards and published by Terna on its website (<https://download.terna.it/terna/0000/0105/92.pdf>).



Assessment of achievement of the Plan objectives will be conducted by the Board of Directors in order to determine the number of Performance Shares to be awarded on the basis of the indications of the Remuneration and Nominations Committee, during approval of the financial statements for the year ended 31 December 2028.

At the end of the vesting period, an additional number of Performance Shares may be awarded (the dividend equivalent). These additional Shares correspond with the value of any dividends not received on the Shares effectively awarded, with the aim of achieving an increased alignment between the interests of management and those of investors.

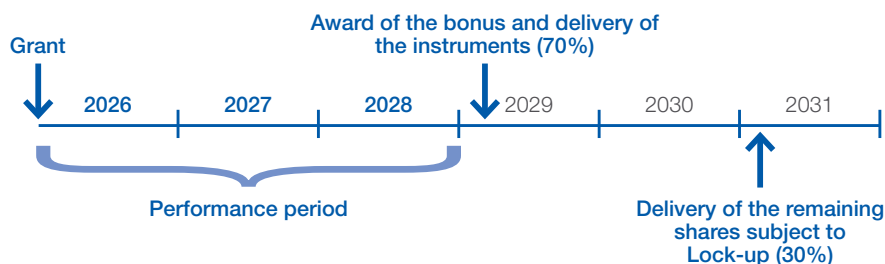
The final Bonus under the Plan thus depends on:

- the number of Shares awarded (based on the Terna Group's performance);
- the value of the Shares, based on the share price performance.

At the end of the vesting period, 30% of the Shares awarded, including those awarded as dividend equivalents, will be subject to a further lock-up period of two years, which will end in 2031. During this period, the Shares are non-transferable (meaning that they may not be transferred and/or sold for a period of 24 months).

The following chart shows the timing of the Performance Share Plan 2026-2030:

Performance Share Plan 2026-2030

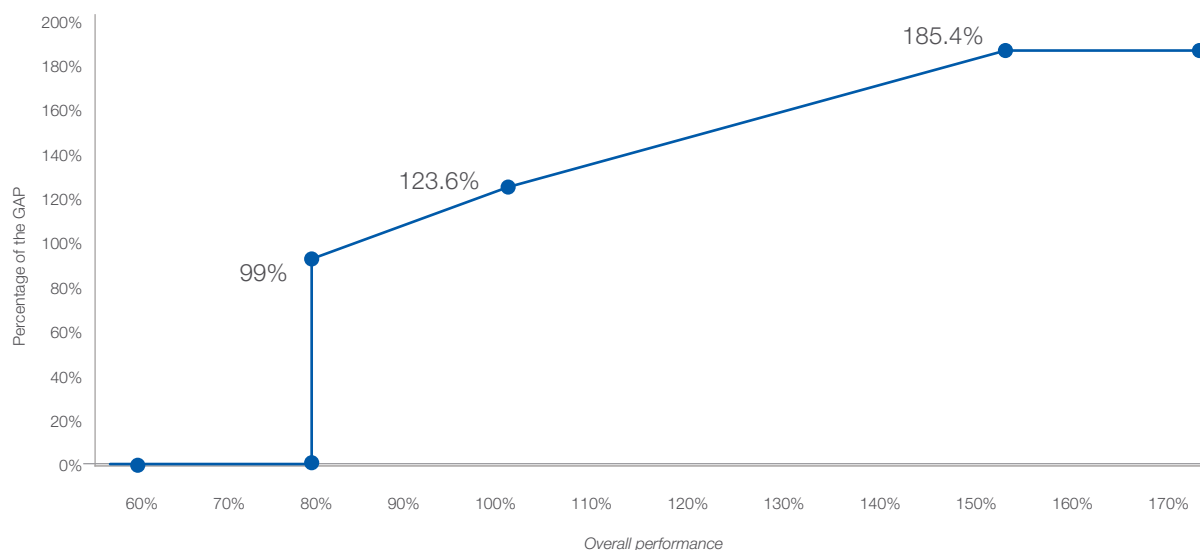


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New LTI Plan: Performance Share Plan 2026-2030 - General Manager

The target value of the long-term incentive for each three-year plan awarded, as approved by the Board of Directors, is 123.6% (for the 2023–2025 term of office²⁶ €1,050,600 for the three-year Plan period) of the Gross Annual Pay for the position of General Manager (for the 2023–2025 term of office: €850,000). The value of the long-term incentive is related to the achievement of the performance curve, as illustrated below.

If the weighted average score for the individual objectives is below the minimum level, nothing is due. In the event of overperformance, the bonus is capped at the maximum attainable level.



²⁶ It is recalled that the Board of Directors currently in office, on the date of approval of this Report, will cease its term of office with the holding of the General Meeting of Shareholders convened for the approval of the financial statements as at 31 December 2025. In accordance with the provisions of Articles 2364(1)(3) and 2389 of the Italian Civil Code, the new Board of Directors – once appointed by the Annual General Meeting – shall therefore determine, subject to a resolution by the General Meeting where necessary, the remuneration payable to Directors holding specific positions, as well as the remuneration payable to non-executive Directors for their participation in board committees.

The 2026-2030 Performance Share Plan provides for the allocation of a number of Terna S.p.A. Ordinary Shares according to the performance curve illustrated.

At the end of the vesting period, an additional number of Shares is awarded as dividend equivalents, corresponding with the value of any dividends not received on the Shares effectively awarded.

The final bonus payable to the General Manager under the Plan thus depends on:

- the number of Shares awarded (based on the Terna Group's performance);
- the value of the Shares, based on the share price performance.

At the end of the vesting period, 30% of the Shares awarded, including those awarded as dividend equivalents, will be subject to a further lock-up period of two years. During this period, the Shares are non-transferable (meaning that they may not be transferred and/or sold for a period of 24 months).

In the event of termination of the relationship prior to award of the shares for reasons other than the following:

- dismissal for disciplinary reasons;
- resignation without just cause;
- termination of the directorship for just cause;
- resignation of the director without just cause;

and, therefore, also in the event of termination of the relationship by mutual consent, the right to the attribution of a portion of the Shares on a prorated basis will be maintained (for the beneficiary or their heirs or successors), based on an assessment of the performance achieved at the date of termination.

Previous Long-term incentive plans still in place

Terna has equity incentive plans in place, which are rolling schemes with equity-based compensation, portions of which are granted annually.

These are the Performance Share Plans for 2024-2028 and 2025-2029.

These share plans make it possible to reward long-term, sustainable growth in shareholder value and more closely align the Company's remuneration with market practices, the recommendations in the Corporate Governance Code and the objectives in the Industrial Plan.

Details of the Long-Term Incentive Plans of Performance Share Plans for 2024-2028 and 2025-2029 are provided in the Remuneration Reports for 2024 and 2025 and the related Information Circulars, all of which are available on the Company's website.

In summary, the total long-term variable remuneration for the Chief Executive Officer and General Manager, at target level is equal to 97% of the total annual gross Fixed Remuneration.

**FOCUS****Clawback and Malus Provisions**

The variable portion of the remuneration paid to the Chief Executive Officer and General Manager is subject to clawback provisions, requiring the repayment of any amounts already paid within the statute of limitations envisaged by current legislation and whether or not the relationship is still in place or has been terminated. Malus provisions also apply, giving the Company the right to withhold any part of the incentive subject to deferral, where applicable, if there is evidence that payment of the bonus was made on the basis of information that is manifestly inaccurate or misleading, in the event of serious and intentional breaches of the law, the Code of Ethics or company regulations, in the event of fraudulent conduct or gross negligence on the part of the beneficiary to the detriment of the Company or one of the Group Companies. The application of these provisions is nevertheless without prejudice to any other action permitted by the law in order to protect the interests of the Company.

Benefits

As is the case with the Group's management personnel and in keeping with the Policy implemented in previous years, the benefits package for the Chief Executive Officer and General Manager has been determined in accordance with the terms of the related National Collective Employment Contract and of the company policies and practices applicable to the Director and management personnel in general including, by way of example:

- contributions to a supplementary pension fund;
- enrolment in a supplementary medical insurance scheme;
- life and permanent disability insurance;
- a company car for personal use;
- occupational and non-occupational accident insurance.

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Non-competition agreements

Terna has not currently entered into non-competition agreements with Directors and the General Manager, involving payment of a fixed amount or a proportion of fixed remuneration based on the duration and scope of the restrictions resulting from the agreement. However, Terna reserves the right to assess the potential introduction of specific provisions in this regard, within the limits set by company policy, which makes reference to the disbursement of one year's pay under agreements with a duration of one year.

Severance

A termination and severance payment is envisaged for the Chief Executive Officer and General Manager.

It should be noted that, at Terna, the Chief Executive Officer's position as a Director and the General Manager's employment relationship are connected, so that, unless renewed, when one is terminated so is the other fiduciary relationship.

In line with the Board of Directors' resolution of 9 May 2023 and the individual agreements subsequently entered into, except in the event of dismissal for disciplinary reasons and resignations without just cause, on termination of the employment relationship linked to the end of the term of office, the following applies: (i) to the current General Manager, an all-inclusive severance payment equal to 24 months' pay (being fixed and short- and long-term variable remuneration calculated in accordance with the Policy), in addition to a payment in lieu of notice (fixed and short- and long-term variable remuneration calculated in accordance with the Policy) pursuant to art. 2121 of the Italian Civil Code; (ii) as Chief Executive Officer, a termination payment due at the end of the term in office (TFM) equal to 1/12 of remuneration as CEO (fixed and short-term variable remuneration) paid for each year in office. These severance payments are not linked to performance.

It should be noted that, under the same conditions, the Chief Executive Officer and General Manager retains the rights awarded under the incentive schemes and that, in the event of termination prior to the end of their term of office, the rights will be calculated on a prorated basis. In any event, bonuses are awarded when the plans mature.

It is recalled that the Board of Directors currently in office, on the date of approval of this Report, will cease its term of office with the holding of the General Meeting of Shareholders convened for the approval of the financial statements as at 31 December 2025. In accordance with the provisions of Articles 2364(1)(3) and 2389 of the Italian Civil Code, the new Board of Directors – once appointed by the Annual General Meeting – shall therefore determine, subject to a resolution by the General Meeting where necessary, the remuneration payable to Directors holding specific positions, as well as the remuneration payable to non-executive Directors for their participation in board committees.

4.6 Remuneration of members of the Board of Statutory Auditors

This section describes key aspects of the Remuneration Policy for members of the Board of Statutory Auditors.

The annual remuneration of members of the Board of Statutory Auditors consists solely of a fixed component. This component is determined on the basis of the commitment required in order to carry out their duties.

For the 2023-2025 term of office, the Board of Statutory Auditors received the following remuneration, set by the General Meeting of Shareholders of 9 May 2023:

Board of Statutory Auditors (remuneration for the 2023-2025 term of office)

Chair of the Board of Statutory Auditors	€ 55,000
Standing Auditor	€ 45,000

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The Annual General Meeting of Shareholders, convened to approve the financial statements as at 31 December 2025, will appoint the new Board of Statutory Auditors for a term of three financial years and determine the remuneration payable to the Chair and to each standing member of the Board.

4.7 Remuneration of Key Management Personnel

Key Management Personnel (KMP) refers to persons who, directly or indirectly, have the power and responsibility for the planning, direction and control of the Company's operations. At the date of this Report, Key Management Personnel, as reflected in the Group's new organisational structure, hold the following positions:

- Chief Financial Officer;
- Head of General Legal and Corporate Affairs;
- Head of Grid Development and Dispatching Strategies.
- Head of Human Resources;
- Head of Market Solutions;
- Head of National Transmission Grid;
- Head of Project Engineering and Execution;
- Head of Strategy, Digital and Sustainability;

The list of Key Management Personnel has been drawn up by interpreting art. 152-*sexies*, para. 1(c) of the Issuers' Regulation in its widest sense, in order to ensure maximum transparency of the information provided to shareholders on transactions carried out by the Company's Key Management Personnel, albeit within their specific areas of responsibility.



In drawing up the Remuneration Policy for Key Management Personnel, account was taken of the need to link a portion of their remuneration to the achievement of specific performance objectives, including some of a non-financial nature, linked to the Group's sustainable success (principle XV in the Corporate Governance Code now in force) and in line with the overall remuneration policy drawn up by the Board of Directors.

Recommendations 27 and 28 in the Corporate Governance Code also apply, where compatible, to determination of the remuneration for Key Management Personnel.

The employment relationship with Key Management Personnel is governed by the existing National Collective Employment Contract for manufacturing and service companies. In addition to the forms of remuneration described below, the policy applied to the Key Management Personnel is the same as that applied to management personnel in general.

The remuneration of Key Management Personnel consists of the following elements:

- Gross Annual Pay (GAP), determined on the basis of the role held, the responsibilities assigned and the strategic nature of the manager.
- short-term incentives (STI), with access subject to the achievement of predetermined business objectives, which at target represent up to 60% of Gross Annual Pay (GAP);
- long-term incentives (LTI), with access subject to the achievement of predetermined multi-year objectives, and which, in terms of the total amount payable at target over the three-year duration of the Plan, is equal to a pre-established percentage of up to 80% of Gross Annual Pay (GAP);
- benefits granted under the applicable National Collective Employment Contract and company policies and practices;
- severance payments in the event of early termination by the Company, determined in line with best market practices, as described in more detail in the paragraph, "Severance".

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Short-term variable component (STI)

The short-term incentive (STI) plan allows for the assessment of the annual contribution of the beneficiary to the performance of Terna and directs management actions towards strategic objectives in line with business priorities.

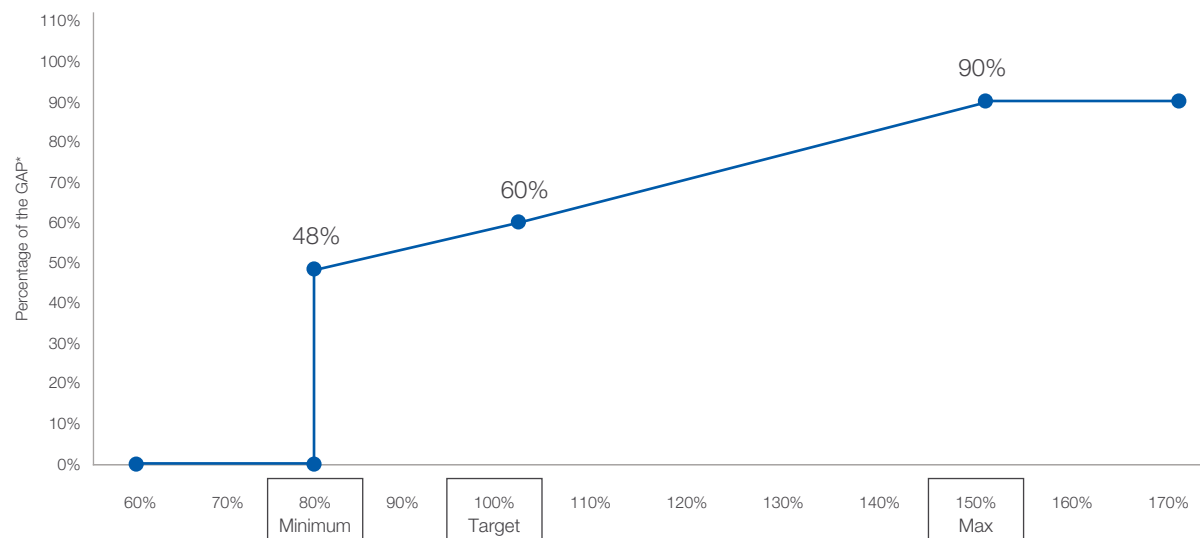
STI objectives for Key Management Personnel are set by the Chief Executive Officer and General Manager, in line with the Remuneration Policy and with the general criteria set by the Remuneration and Nominations Committee.

Access to the STI scheme is subject to a performance gate (budgeted EBITDA range) and is structured according to the following format:

Performance gate:		Budgeted EBITDA range	
Group objectives	Weighting	Cross-cutting objectives	Weighting
Group objectives	40%	Cross-cutting objectives	20%
Objectives common to all beneficiaries		Objectives common to several departments based on particular business priorities or initiatives	
		Individual objectives	30%
		Specific objectives tied to the role	
		Qualitative objective	10%
		Assessed on the basis of management behaviours in the Leadership Framework	

Payment of the short-term incentive (STI) to Key Management Personnel follows the Remuneration and Nominations Committee's assessment at aggregate level, with the support of the Human Resources Department, of achievement of the performance objectives assigned annually.

The amount of the incentive actually disbursed varies according to the level of achievement of targets linked to the single objectives (and therefore related to the scores achieved by each KPI) which are specific to each role:



* The GAP percentages shown in the graph represent the maximum bonus achievable for each level of overall target achievement.

If the weighted average score for the individual objectives is below the minimum level, nothing is due. In the event of overperformance, the bonus is capped at the maximum attainable level.

The short-term incentive scheme is not subject to deferral mechanisms. This decision was taken in view of the following elements:

- the Company's risk profile and the sector in which it operates;
- the presence of a long-term incentive scheme and its relative weighting with respect to the fixed component and the short-term variable component;
- the use of a rolling long-term incentive scheme that takes the form of annual awards, with a three-year vesting period and a two-year lock-up period;
- the existence of clawback provisions.

The Company may recognize extraordinary bonuses in order to remunerate the value created for the shareholders in the context of transactions and projects of an extraordinary nature or with reference to transactions of an extraordinary nature and with a significant impact on the business, subject to the approval of the Board of Directors and at the proposal of the Remuneration and Nominations Committee, having consulted the Board of Statutory Auditors, without prejudice to the controls on transactions with related parties pursuant to the Procedure for Related-Party Transactions, where applicable. This provision can also be extended to the Chief Executive Officer and General Manager.

Long-term variable component (LTI)

In line with the terms applicable to the General Manager, Key Management Personnel may also participate in the long-term Performance Share Plan 2026-2030.

The new Performance Share Plan 2026-2030 for Key Management Personnel involves the same performance objectives as assigned to the General Manager, with the same weightings and the same score curves, as well as the same vesting and lock-up periods and settlement procedures.



The above description of the Plan for the General Manager also applies in its entirety to Key Management Personnel, with the exception of the bonus achievable and aspects relating to payment in the event of early termination of the relationship, which are governed by the specific provisions described below.

A summary of the characteristics and bonuses achievable at target for KMP is provided below:

INSTRUMENT	PERFORMANCE SHARE	
Vesting period	2026-2030	
Objectives	30%	FFO / Average Net Debt over the three-year period
	15%	Relative TSR
	30%	Overgeneration
	25%	Connections
Achievable bonus	Percentages of the incentive to be converted into Performance Shares of up to 80% of Gross Annual Pay (GAP), based on the total amount over the three-years covered by the LTI Plan, if the weighted average of the scores for the individual objectives is at target (100%) and based on the value of Terna's shares with respect to the grant date.	

In the event of termination of the relationship with KMP prior to award of the Shares for reasons other than the following:

- dismissal for disciplinary reasons;
- resignation without just cause;

and, therefore, also in the event of termination of the relationship by mutual consent, the right to the award of a portion of the Shares on a prorated basis will be maintained (for the beneficiary or their heirs or successors), based on an assessment of the performance achieved at the date of termination.

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Clawback and Malus Provisions

The variable portion of the remuneration paid to the Key Management Personnel is also subject to clawback provisions, requiring the repayment of any amounts already paid within the statute of limitations envisaged by current legislation and whether or not the relationship is still in place or has been terminated. Malus provisions also apply, giving the Company the right to withhold any part of the incentive subject to deferral, where applicable, if there is evidence that payment of the bonus was made on the basis of information that is manifestly inaccurate or misleading, in the event of serious and intentional breaches of the law, the Code of Ethics or company regulations, in the event of fraudulent conduct or gross negligence on the part of the beneficiary to the detriment of the Company or one of the Group Companies. The application of these provisions is nevertheless without prejudice to any other action permitted by the law in order to protect the interests of the Company.

Signing bonuses and one-off bonuses

Signing bonuses are payable, in exceptional circumstances, to newly hired Key Management Personnel on entry to the company. This is done solely in order to attract very senior management personnel with areas of expertise that are critical for the business.

Key Management Personnel may also be eligible for a one-off bonus for the purpose of retention.

The maximum amount in either case, considered individually, may not exceed the target variable remuneration set by the Policy.

Benefits

In keeping with the Policy implemented, the benefits package for Key Management Personnel has been determined in accordance with the terms of the related National Collective Employment Contract and of the company policies and practices applicable to management personnel in general, including, by way of example:

- contributions to a supplementary pension fund;
- enrolment in a supplementary medical insurance scheme;
- life and permanent disability insurance;
- a company car for personal use;
- occupational and non-occupational accident insurance.

Non-competition agreements

Where the termination of the relationship with Key Management Personnel in possession of particularly important expertise and skills may expose the Company to risk, the Company may apply non-competition agreements. The related payment must remain within the limits set by company policy, which makes reference to the disbursement of one year's pay under agreements with a duration of one year.

Severance

In the event of early termination of the employment relationship by the Company, payments may be made in the form of early retirement incentives on the basis of *ex-ante* agreements or as agreed on termination, taking into account the degree of responsibility assigned and the service provided.

In particular, newly appointed managers starting from the approval of the 2024 Policy²⁷ (promoted from within or hired from outside the Company), other than in cases of dismissal for disciplinary reasons for just cause or resignation of the manager for reasons other than just cause, may receive a severance payment amounting to up to 24 months' pay (being fixed and short-term variable remuneration calculated in accordance with the Policy), in addition to a payment in lieu of notice (fixed and short-term variable remuneration calculated in accordance with the Policy) pursuant to art. 2121 of the Italian Civil Code. These severance payments are not linked to performance.

It should be noted that, under the same conditions, the manager retains the rights awarded under the incentive schemes and that, in the event of termination prior to the end of their term of office, the rights will be calculated on a prorated basis and awarded on the basis of the assessment of performance at the end of the vesting period. In any event, bonuses are awarded when the plans mature.

²⁷ The terms established in the Remuneration Policy for 2023 continue to apply to managers in service during the period in which the Policy was effective.



5. Detailed index of topics

(CONSOB Resolution 18049 and subsequent revisions, Section I)

In order to aid the reader, a detailed index of topics is provided below, with references to the paragraphs that contain information on the individual items referred to in CONSOB Resolution 18049, revised, Section I.

CONSOB RESOLUTION	DISCLOSURE REQUIRED	REFERENCES
A	Bodies or parties involved in the preparation and approval of the remuneration policy, specifying their respective roles, as well as the bodies or individuals responsible for the correct implementation of this policy;	Paragraph 3 (pages 21 to 30)
B	the potential establishment of a remuneration committee or other relevant committee, describing its composition (with distinction between non-executive and independent directors), its responsibilities and operating procedures, and any further measures designed to avoid or handle conflicts of interest;	Paragraph 3.1 (pages 21 to 28)
C	how the company has taken into account the compensation and working conditions of its employees in drawing up the remuneration policy;	Paragraph 4.1 (page 37 to 39)
D	the names of any independent experts that contributed to the formulation of the remuneration policy;	Paragraph 3.3 (page 30)
E	the purposes of the remuneration policy, its underlying principles, duration and, in the event of revision, a description of the changes to the remuneration policy with respect to the last policy submitted for approval by the Annual General Meeting and how this revision takes into account the votes held and opinions expressed during such meeting or subsequently;	Paragraph 1 (page 13), Paragraph 2 (pages 14 to 16), Paragraph 4.1 (pages 31 to 36)
F	a description of the policies regarding fixed and variable components of remuneration, particularly with regard to their relative proportion within overall remuneration, distinguishing between short- and medium/long-term variable components;	Executive Summary (pages 8 and 9), Paragraph 2.5 (page 19), Paragraph 4.5 (pages 40 to 53), Paragraph 4.6 (page 55) and Paragraph 4.7 (pages 55 to 59)
G	the policy adopted with respect to benefits in kind;	Executive Summary (page 9), Paragraph 4.5.2 (pages 54) and Paragraph 4.7 (page 59)
H	with reference to variable components, a description of the financial and non-financial performance objectives, including any criteria relating to corporate social responsibility, on the basis of which the variable components are awarded, distinguishing between short- and medium/long-term variable components, and information on the link between changes in results and the change in remuneration;	Executive Summary (pages 8 and 9), Paragraph 4.5.2 (pages 43 to 55) and Paragraph 4.7 (pages 56 to 59)
I	the criteria used to evaluate performance objectives forming the basis of the grant of shares, options, other financial instruments or other variable components of remuneration, specifying the measure of the variable component to be awarded on the basis of the level of achievement of the objectives;	Executive summary (page 8 and 9), Paragraph 4.5.2 (pages 43 to 55) and Paragraph 4.7 (pages 56 to 59)
J	Information designed to show the contribution made by the remuneration policy, and in particular the variable components of remuneration, to the company's strategy, the pursuit of its long-term interests and its sustainability;	Paragraph 4.1 (pages 31 to 36), Paragraph 4.5.2 (pages 43 to 53) and Paragraph 4.7 (pages 56 to 59)
K	the vesting period, any deferral mechanisms, with indications of the periods of deferral and the criteria used to determine these periods and ex-post correction mechanisms for the variable component (malus or clawback provisions);	Paragraph 4.5.2 (pages 43 to 55) and Paragraph 4.7 (pages 56 to 59)
L	information on the use of provisions requiring the retention of financial instruments after their purchase, with an indication of the retention period and the criteria used to determine these periods;	Paragraph 4.5.2 (pages 43 to 55) and Paragraph 4.7 (pages 56 to 59)
M	the policy on compensation envisaged in case of termination of office or termination of employment (and the related details);	Executive Summary (page 9), Paragraph 4.5.2 (pages 53) and Paragraph 4.7 (page 58)
N	information on any insurance, social security or pension plans, other than the obligatory schemes;	Executive summary (page 9), Paragraph 4.5.2 (page 54) and Paragraph 4.7 (page 59)
O (i)	the remuneration policy possibly implemented with reference to the independent directors;	The Company does not use specific remuneration policies for independent directors.
O (ii)	the remuneration policy possibly implemented with reference to participation in committees;	Paragraph 4.5.1 (pages 40-41)
O (iii)	if present, the remuneration policy for directors with delegated powers (chair, deputy chair, etc.);	Executive summary (pages 8 e 9) and Paragraph 4.5.2 (page 41)
P	if the remuneration policy was drawn up on the basis of the remuneration policies of other companies and, if so, the criteria used in choosing such companies and which companies were used;	In drawing up its policy, the Company has not made reference to the remuneration policies of other Companies. Remuneration has, however, been benchmarked against to peer group. Paragraph 2.4 (page 18).
Q	elements of the remuneration policy to which, under exceptional circumstances, exemptions apply and, with prejudice to the requirements of Regulation 17221 of 12 March 2010, any other procedural conditions on the basis of which the exemption may be applied.	Paragraph 3.2 (pages 28 and 29).

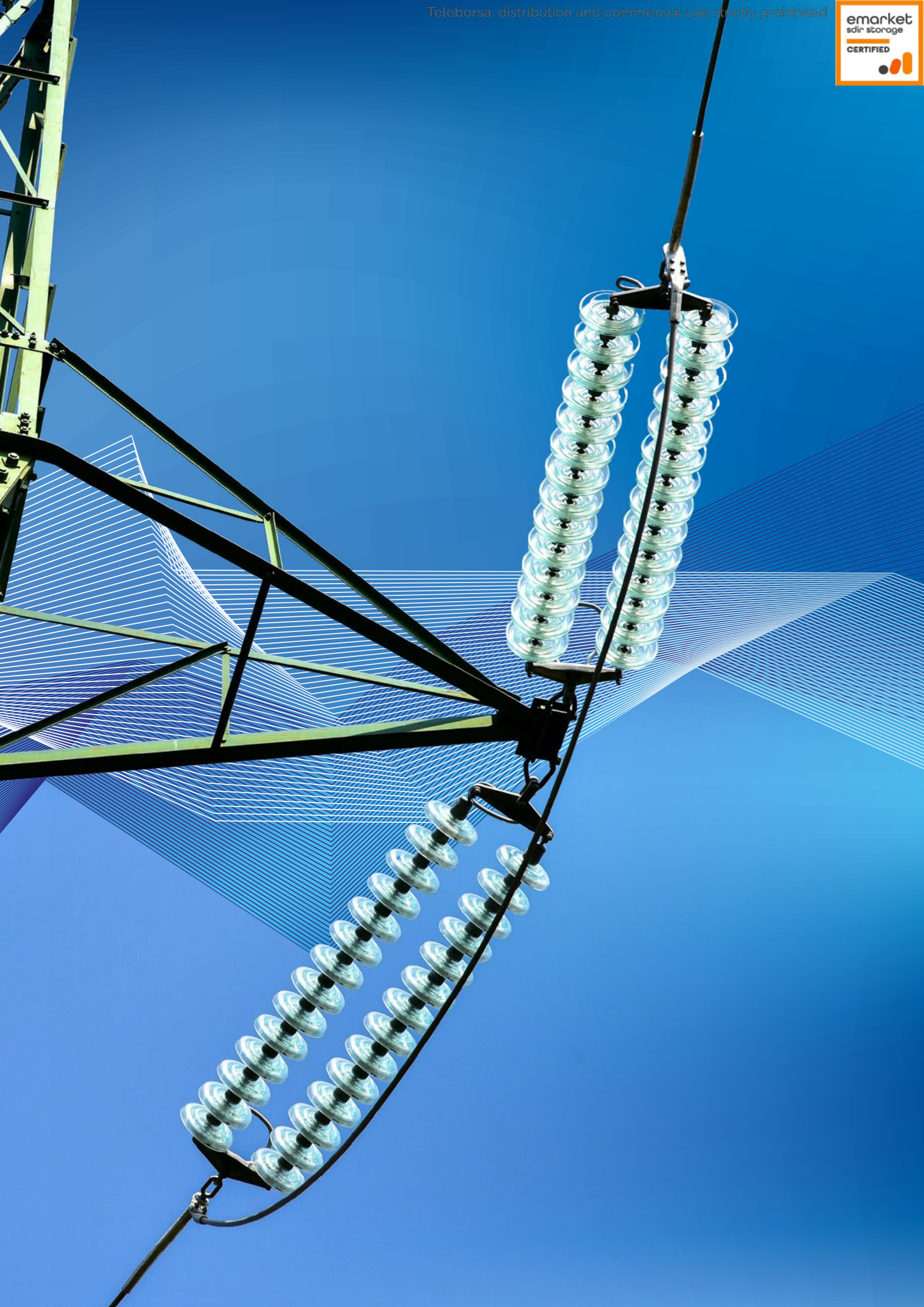
6. Detailed index

in accordance with Recommendation 27 art. 5 of the Corporate Governance Code (January 2020 edition)

In order to aid the reader, a detailed index of topics is provided below, with references to the paragraphs that contain information on the individual items referred to in recommendation 27 in art. 5 of the Corporate Governance Code.

The Remuneration Policy for executive directors and top management defines:

POINT	DISCLOSURE REQUIRED	REFERENCES
a)	a balance between the fixed and variable components that is appropriate and consistent with the company's strategic objectives and risk management policy, bearing in mind the nature of the business and the sector in which Terna operates, whilst ensuring that the variable component represents a significant part of the overall remuneration package;	Paragraph 2.5 (page 19) and Paragraph 4.1 (pages 31 to 36)
b)	any caps on variable components;	Executive Summary (pages 8 and 9), Paragraph 2.5 (page 19), Paragraph 4.5.2 (pages 43 to 55), Paragraph 4.7 (pages 56 to 59)
c)	performance objectives, to which payment of the variable components are linked, predetermined, measurable and to a significant extent linked to long-term performance. These are consistent with the company's strategic objectives and aim to drive sustainable success, including, where material, non-financial measures;	Executive Summary (pages 8 and 9), Paragraph 4.5.2 (pages 43 to 55), Paragraph 4.7 (pages 56 to 59)
d)	an appropriate deferral period – with respect to the vesting condition – for a significant part of the variable component, in line with the nature of the business and the risk profile;	Paragraph 4.5.2 (pages 43 to 55), Paragraph 4.7 (pages 56 to 59)
e)	contract provisions are used to enable the company to request the return, in whole or in part, of the variable components of remuneration paid (or to withhold sums that have been deferred), that were calculated on the basis of information that later turned out to be manifestly inaccurate or under other circumstances that may be identified by the company;	Paragraph 4.5.2 (pages 53) and Paragraph 4.7 (page 59)
f)	clear and pre-established rules governing severance payments made on termination of the directorship is determined in such a way that its total amount does not exceed a certain amount or a certain number of years of remuneration. This indemnity is not paid if the termination of the relationship is due to the achievement of objectively inadequate results.	Executive summary (page 9) and Paragraph 4.5.2 (page 54 and 55)



Section II: Report on remuneration paid in 2025



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Introduction

This section is divided into two parts covering the following aspects:

- **Part one:** the different elements that make up remuneration (including severance and termination payments), indicating consistency with the related remuneration policy;
- **Part two:** table showing the remuneration paid to members of management and oversight bodies, the General Manager and information on shareholdings in the Company held by such persons and the remuneration paid to Key Management Personnel.

This section is put to a non-binding vote by the General Meeting of Shareholders, as required by Art. 123-ter of Legislative Decree 58 of 24 February 1998 (the “Consolidated Law on Finance” or CLF, as amended by Legislative Decree 49 of 10 May 2019), which states in para. 6: “*Without prejudice to the provisions [...] the annual general meeting called [...] shall vote for or against section two of the report provided for in para. 4. The result of the vote is not binding*”.

In addition, the Independent Auditors engaged to audit the accounts verifies that this Section of the Report has been prepared by the Directors, as required by art. 123-ter of the CLF (as amended by the Legislative Decree of 10 May 2019).

The remuneration paid to the members of management and oversight bodies and to the General Manager is described by name; the remuneration paid to Key Management Personnel²⁸ is, in contrast, reported in aggregate form.

Implementation of the Policy, to the extent verified by the Remuneration and Nominations Committee when conducting the periodic assessment required by the Corporate Governance Code, has remained in line with the general principles established in Board of Directors’ resolutions. Detailed information on each component of remuneration, including severance or termination payments, is provided in Section I.

The separate components of remuneration are in keeping with the Policy approved by the Board of Directors in 2025 and put to a binding vote by the Annual General Meeting held on 21 May 2025, in accordance with art. 123-ter of the CLF, which voted in favour of the Policy.

²⁸ In accordance with CONSOB Resolution 18049 of 23 December 2011, for KMP who during the year did not receive remuneration that was higher in value than the total pay received by the members of management and oversight bodies or by the General Manager.



Part one

1. Corporate performance 2025

2025 was once again characterised by a changing geopolitical environment and economic-financial tensions. Despite the continuation of this complex scenario, Terna recorded exceptional results, confirming the solidity of its business and demonstrating a high capacity to react and adapt even in unpredictable circumstances.

In particular, the Group recorded an improvement in net profit of €50 million compared with last year and of approximately €184 million in EBITDA. The Group's capital expenditure amounted to €3,515 million, an increase of €823 million. Finally, assets entering service for the Group amounted to €2,016 million, an increase compared to €1,415 million in 2024.

Despite the negative impact on financial markets of the ongoing geopolitical tensions, inflationary pressures and the energy crisis, as at 31 December 2025 Terna's Total Shareholder Return was positive at 24.2%.

In addition, Terna has managed the system safely at minimum cost thanks to the various actions introduced, including output-based incentive mechanisms. Specifically:

- with reference to the quality of service, the RENS indicator (energy not provided on the NTG) stood at a provisional value of 244 MWh compared to the annual target set by the ARERA in 2025 equal to about 711 MWh;
- the volumes procured also decreased in 2025. The reduction in dispatching costs was made possible by the continuous improvement of activities and processes related to DSM that Terna is also implementing thanks to the incentive scheme for reducing dispatching costs (so-called DSM incentives);
- Terna has increased the additional transmission capacity between market areas, whilst maintaining the increases already implemented in previous years, in line with the incentive mechanisms provided for under current regulations.

Finally, in terms of ESG indices, in 2025 Terna was once again listed on:

- the MIB® ESG, Italy's blue-chip index focusing on ESG best practices and based on the score issued by the rating agency Moody's ESG, (replaced by the agency Sustainalytics starting from 2025);
- the STOXX Global ESG Leaders, index based on the scores issued by the rating agency Sustainalytics, which select the best-performing securities in terms of ESG among those in the STOXX® Global index;
- the FTSE4Good, which considers the best companies for sustainability performance based on analysis conducted by FTSE Russel. Terna has been listed in the index continuously since 2005²⁹.

It should be noted that, also in 2025, Terna participated in the Corporate Sustainability Assessment (CSA) promoted by S&P Global, the results of which are used to identify the companies to be included in the Dow Jones Sustainability Index World (renamed, since 2025, the Dow Jones Best-in-class Index World). The results of the CSA 2025 survey place the company at the top of the global rankings for electric utilities, with Terna achieving the highest score in the entire sector. Please note that, due to a change in methodology, the index update has been postponed from December 2025 to April 2026.

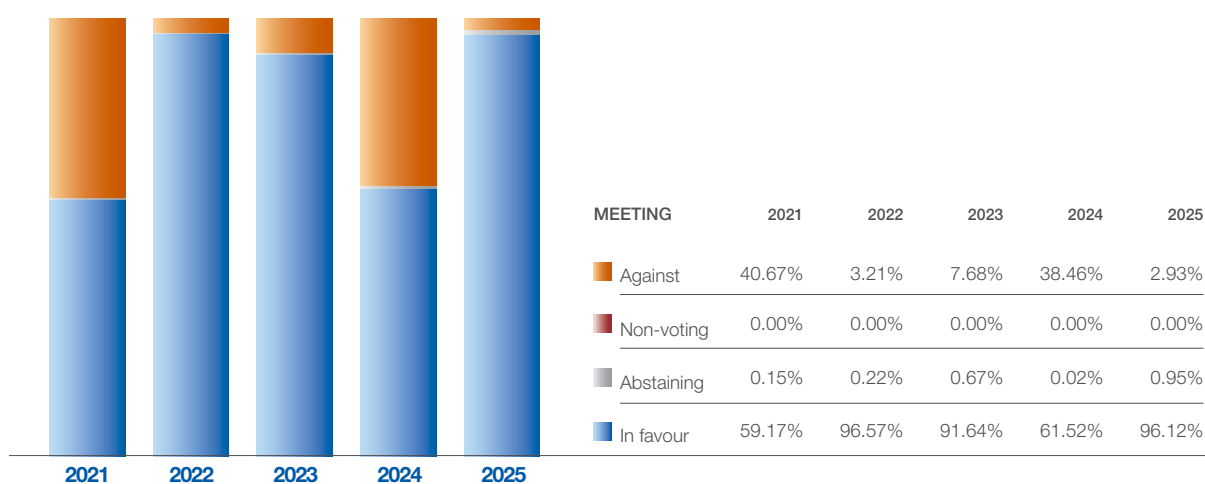
Please refer to the Annual Report for the year ended 31 December 2025 for a description of the main factors that characterised operations in 2025.

²⁹ As stipulated in the remuneration policy, the FTSE4Good index replaced the no longer active Bloomberg GEI.

2. Outcome of shareholder votes and feedback

As required by art. 123-ter of the CLF (as amended by the Legislative Decree of 10 May 2019), the General Meeting of Shareholders expresses an advisory vote on Section II of the Report on the Remuneration Policy and Remuneration Paid. The following chart shows the outcome of the non-binding votes on Section II of the Report on the Remuneration Policy and Remuneration Paid, from 2021 to 2025.

Outcome of votes on remuneration paid (2021-2025)



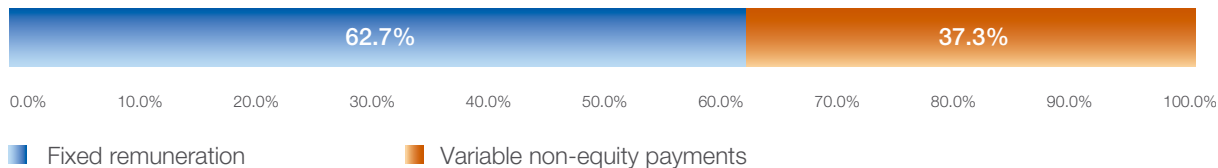
The outcome of this vote and feedback from investors and proxy advisors on the remuneration paid in 2024 was analysed by Terna in 2025, together with observations received on Section I of the Report. Terna thus took the views and opinions expressed into account in preparing this Report on the Remuneration Policy and Remuneration Paid, without prejudice to existing contractual commitments and the labour law restrictions of the Italian Civil Code. Similarly, Terna remains committed to engaging with its shareholders, ensuring access to the relevant company departments to clarify any doubts and explain the rationale behind the implementation of the remuneration policies approved by Terna's General Meeting of Shareholders.



3. Ratio of fixed to variable remuneration paid

In compliance with the requirements introduced in the revised Issuers' Regulation, this paragraph provides details of the ratio of fixed to variable remuneration for 2025 paid to the Chief Executive Officer and General Manager. Specifically, the computation took into account the fixed remuneration shown in column 1 of Table 1 and the variable non-equity remuneration shown in column 3 of the same table.

Pay mix actual 2025 - Chief Executive Officer and General Manager



The following paragraphs include a detailed description of the single components of pay taken into account. It should be noted that there are no variable components of pay linked to the Company's or the Group's financial performance in the case of other members of the Board of Directors and the Board of Statutory Auditors.

4. Fixed remuneration

Non-executive Directors

Non-executive Directors were paid the fixed remuneration approved by the General Meeting of Shareholders on 9 May 2023 in 2025 (€35,000 per Director per year).

Chair

The Chair, elected by the Board of Directors on 9 May 2023, was paid in 2025 the fixed remuneration approved by the General Meeting of Shareholders of 9 May 2023 (€50,000 per year) and by the Board of Directors on 9 May 2023 (€188,000 per year).

In addition, he received the remuneration as Chair of the Sustainability, Governance and Scenarios Committee (€ 50,000).

As a result, the currently in office Chair received a total amount, paid in 2025 in the form of fixed remuneration, of €288,000.

Amounts relating to fixed remuneration are specified in the respective item in Table 1.

Chief Executive Officer and General Manager

The Chief Executive Officer and General Manager, elected by the Board of Directors on 9 May 2023, was paid in 2025:

- the fixed remuneration payable as a Director of the Company under the resolution passed by the General Meeting of Shareholders of 9 May 2023 (€35,000 per year);
- the fixed remuneration payable under the Board of Directors' resolution of 9 May 2023 in recognition of the powers and authority granted to her (€200,000 per year);
- the fixed component of remuneration payable for the role as General Manager (€850,000 per year).

As a result, the Chief Executive Officer and General Manager in office from 9 May 2023 was paid in 2025 total fixed remuneration of €1,085,000.

Amounts relating to fixed remuneration are specified in the respective item in Table 1.

Key Management Personnel

In 2025, Key Management Personnel were paid fixed remuneration, including the impact of annual changes to the Remuneration Policy, totalling €2,464,423.

Table 1 shows the fixed remuneration paid in aggregate form. This remuneration includes any fees due to the relevant person in return for membership of the boards of directors of Terna's subsidiaries and/or investees, which are either waived or passed on to Terna.

5. Variable remuneration

Variable short-term incentives

Chief Executive Officer and General Manager

In 2025, the Chief Executive Officer and General Manager in office since 9 May 2023 received the short-term incentive remuneration (STI), following achievement of the performance objectives set for the two roles. The amount received was based on the results reported in the financial statements for the year ended 31 December 2025, which will be submitted for approval by the General Meeting of Shareholders that will approve Section I of this Report³⁰.

The Chief Executive Officer and General Manager will receive the following annual variable remuneration provided for in 2025:

- €200,000 gross as Chief Executive Officer. All the objectives assigned have been achieved;
- €445,710 gross as General Manager, based on an overall level of achievement of the objectives assigned of 148.57%.

The degree of achievement of each objective assigned is shown below:

STI objectives for 2025 - Chief Executive Officer

OBJECTIVES	WEIGHTING	TARGET	ACTUAL	SCORE
Net profit for 2025 – the Terna Group	50%	1,083€M	1,111€M	ON
Incentives output - DSM: performance in 2025, measured with internal calculation tools in accordance with the methodology provided for in Resolution 597/21 on the measurement of volumes procured for services in 2025 less than or equal to 6 TWh	25%	6 TWh	2.22 TWh	ON
Output-based incentives - interzonal: retention for 2025 of the restrictions on transmission made available (+950 MW in total) to obtain the incentive introduced by ARERA resolution 55/2024	25%	950 MW	950 MW	ON

STI objectives for 2025 – General Manager

OBJECTIVES	WEIGHTING	TARGET	ACTUAL	SCORE
EBITDA 2025 – the Terna Group	25%	2,705 €m	2,751 €m	150%
Regulated capital expenditure – the Terna Group	20%	3,187 €m	3,322 €m	150%
Regulated assets entering service - the Terna Group	10%	1,744 €m	1,930 €m	150%
Quality of service (Regulated Energy Not Supplied, RENS)	20%	711 MWh	244 MWh	150%
Workplace safety indicator (SI) Terna Group personnel working in the electricity sector	10%	1	0.75	135.71%
Reducing Behavioural Accidents	10%	2	3	150%
Injuries to contractors' personnel in Italy	5%	12.7%	8.9%	150%
WEIGHTED AVERAGE SCORE				148.57%

The amounts relating to variable remuneration are specified in Tables 1 and 3B.

The total short-term variable remuneration payable to the Chief Executive Officer and General Manager for the 2025 performance period is equal to €645,710 gross.

³⁰ Remuneration paid in application of the principles indicated in the remuneration policy put to an advisory, non-binding vote at the Annual General Meeting held on 21 May 2025.



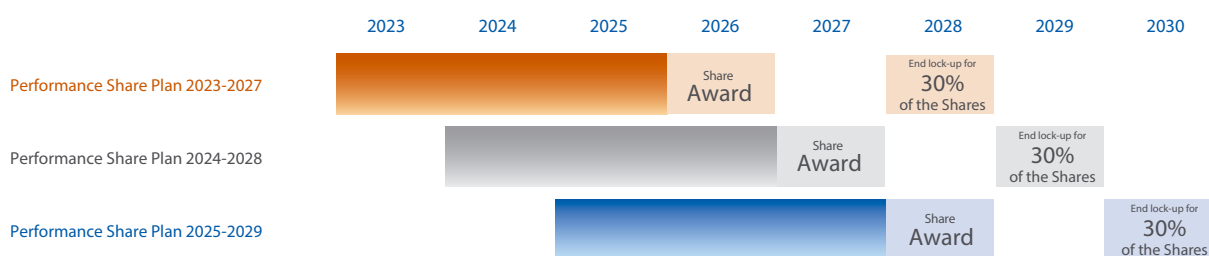
Key Management Personnel

Key Management Personnel received total annual variable remuneration, based on the results reported in the financial statements for the year ended 31 December 2025, amounting to €1,790,216. Overall average achievement of the objectives assigned was approximately 148%.

Tables 1, 3A and 3B show aggregate figures for variable remuneration paid on a prorated basis for the period for the various positions held, considering all the persons qualifying as Key Management Personnel for at least a part of the year in 2025.

Long-term variable incentives

With regard to Terna's policies, the long-term variable incentive plans are as follows:



In 2025, the Performance Share Plan 2023-2027 was concluded.

This Plan was described in the Policy for 2023 and published in the Remuneration Report for 2023.

Based on the assessment conducted by the Remuneration and Nominations Committee and the resulting recommendation, on 26 March 2026 the Board of Directors confirmed the degree to which the cycle's performance objectives had been achieved, as described below:

OBJECTIVES	WEIGHTING	TARGET	ACTUAL	SCORE
Three-year cumulative EBITDA as of 2025 compared with the cumulative EBITDA for 23-25 in the 2023 Budget + 2024-2025 in the Updated 21-25 Plan	30%	6,275.7 €m	7,485.8 €m	150%
Cumulative adjusted investments for the three-year period as of 2025 compared with the value of cumulative adjusted investments for 23-25 in the 2023 Budget + 2024-2025 in the Updated 21-25 Plan <i>(Data net of financial expenses and IFRS16)</i>	20%	6,538.3 €m	8,026.5 €m	150%
Relative Total Shareholder Return 2023-2025 Terna's ranking in the benchmark peer group	20%	3rd place	1st place	150%
ESG indices <i>(Inclusion in Bloomberg GEI; DJSI-World; MIB® ESG; STOXX ESG)</i>	15%	7 inclusions during last three years	11 inclusions during last three years	140%
Overgeneration involving reduced use of modulated production from generation using non-programmable renewable sources, requested by Terna to meet security requirements for the National Electricity System	15%	536 GWh	119 GWh	150%
		WEIGHTED AVERAGE SCORE		148.5%

With regard to the objective of inclusion in a series of ESG indices, it should be noted that the Information Document for the 2023-2027 Plan contains a clause stating: "In the event of the discontinuation of any of the selected indices (Bloomberg GEI; DJSI World; MIB® ESG; STOXX ESG) or a significant change in the underlying criteria, it will be automatically replaced by the FTSE4GOOD index."

As of 2024, the Bloomberg Index has been discontinued and has therefore been automatically replaced by the FTSE4GOOD Index.

It should also be noted that, from 2025 onwards, the Dow Jones Sustainability Index (which has been renamed the Dow Jones Best-in-Class Index) will follow a different rebalancing cycle. In particular, it is no longer updated every beginning of December but at the end of April of the following year. For 2025, rebalancing will take place in April 2026 (previous rebalancing December 2024).

Therefore, at the date of publication of this Report, as the information on inclusion in the DJSI for the year 2025 is not yet available, the partial KPI balance is 140%. The Board of Directors has instructed the Company's technical departments to verify whether inclusion in the DJSI has been confirmed, once the list becomes available, and, if so, to amend the 150% calculation accordingly (carrying out all related activities and market communications, including the possible re-publication of this Report).

Based on the above, the overall level of achievement of the Performance Share Plan 2023-2027 as at the date of publication of this Report was 148.5%.

At the meeting of 26 March 2026, the Board of Directors determined the number of shares to be allotted, including the amount awarded as a dividend equivalent:

- for the General Manager equal to 218,740.
- a total of 153,846 for Key Management Personnel on aggregate and, if necessary, on a prorated basis.

These shares are partially (30%) subject to the restrictions resulting from the two-year lock-up period, as provided for in the Information Circular for the Performance Share Plan 2023-2027.

It should also be noted that, in the light of the description provided in Section I of the Remuneration Reports for 2024 and 2025, respectively, during 2024 and 2025, grants were made under the Performance Share Plan 2024-2028 and the Performance Share Plan 2025-2029. Information on these Plans is provided in Table 3A.

6. Fees for participating in Board Committees

The remuneration payable for positions on the Committees is set out below; where necessary, this has been calculated on a pro rata basis in relation to the period during which the position was held.

For details on amounts paid to Directors and for participating in Committees, refer to Table 1.

Chair of the Sustainability, Governance and Scenarios Committee, the Remuneration and Nominations Committee and the Related-Party Transactions Committee

The Chair of the Sustainability, Governance and Scenarios Committee, the Remuneration and Nominations Committee and the Related-Party Transactions Committee were paid remuneration of €50,000 gross per year (in addition to their entitlement as Directors - €35,000 gross per year).

Chair of the Audit and Risk Committee

The Chair of the Audit and Risk Committee was paid remuneration of €60,000 gross per year (in addition to their remuneration as a Director - €35,000 gross per year).

Committee members

Members of all the Committees, other than the related Chair, received a gross sum of €40,000 per year (in addition to pay received in their capacity as Director - €35,000 per year).



7. Benefits

In line with the Policy, the Chair, the Chief Executive Officer and the General Manager, and Key Management Personnel received benefits in 2025. The value of these benefits is shown in Table 1. These amounts were paid on a prorated basis for the period the various positions were held, considering all the persons qualifying as Key Management Personnel for at least a part of the year in 2025.

8. Severance

No severance payments were made during 2025.

9. Annual change in remuneration paid and in the Company's performance

In line with the requirements of the revised Issuers' Regulation published by the CONSOB and the remuneration paid and described in this Section of the Report, this paragraph provides an annual comparison between 2021, 2022, 2023, 2024 and 2025 of:

- the total remuneration paid to members of the Board of Directors and the Board of Statutory Auditors, as shown in "Total" column (6) in Table 1.

In this regard, the table below shows total remuneration paid - prorated on the basis of the period in office - to all persons who have held the position of Director or Statutory Auditor, even if for only a fraction of the year, during 2021, 2022, 2023, 2024 and 2025. The change in remuneration between 2025-2024 is only shown for persons receiving pay in both years;

- the Company's results, in terms of EBITDA and Total Shareholder Return;
- total average remuneration for the Company's employees under the National Collective Labour Agreement (CCNL) for the electricity sector (excluding the Chief Executive Officer and General Manager), calculated as the sum of gross annual pay, short-term variable remuneration for the year, benefits and any further compensation (e.g. overtime pay), divided by the average full-time workforce.

Remuneration of the Board of Directors and the Board of Statutory Auditors

NAME	POSITION	2021	2022	2023	2024	2025	CHANGE 2025-2024
Igor De Biasio	Chair of the Board of Directors			186,780.2 €	289,868.9 €	289,868.9 €	0.0%
Valentina Bosetti	Chair of the Board of Directors	238,907.9 €	238,907.9 €	85,552.0 €			
Giuseppina Di Foggia	Chief Executive Officer and General Manager			1,368,049.3 €	1,756,572.6 €	1,796,379.4 €	2.3%
Stefano Antonio Donnarumma	Chief Executive Officer and General Manager	1,723,651.3 €	1,770,743.5 €	407,451.3 €			
Jean-Michel Aubertin	Director	83,659.1 €	115,178.2 €	115,686.9 €	115,187.3 €	115,187.3 €	0.0%
Antonella Baldino	Director	35,054.2 €	35,054.2 €	12,550.1 €			
Valentina Canalini	Director	35,054.2 €	35,054.2 €	12,550.1 €			
Stefano Cappiello	Director					28,663.0 €	NA
Ernesto Carbone	Director	83,768.9 €	115,178.2 €	7,359.2 €			
Regina Corradini D'Arienzo	Director			48,555.0 €	75,122.1 €	75,122.1 €	0.0%
Fabio Corsico	Director	125,193.7 €	125,193.7 €	44,821.7 €			
Enrico Tommaso Cucchiani	Director			80,924.9 €	125,203.6 €	72,549.5 €	-42.1%
Paolo Damilano	Director					35,366.9 €	NA
Angelica Krystlie Donati	Director			74,450.9 €	107,695.6 €	75,122.1 €	-30.2%
Alessandra Faella	Director	83,659.1 €	115,178.2 €	41,236.0 €			
Giuseppe Ferri	Director	83,768.9 €	115,178.2 €	41,236.0 €			
Paola Giannotti	Director	135,209.2 €	135,209.2 €	48,407.5 €			
Marco Giorgino	Director	125,193.7 €	125,193.7 €	132,220.7 €	135,219.8 €	135,219.8 €	0.0%
Gian Luca Gregori	Director			74,450.9 €	115,187.3 €	119,616.8 €	3.8%
Yunpeng He	Director	35,054.2 €	2,497.0 €				
Karina Audrey Litvack	Director			74,450.9 €	115,187.3 €	115,187.3 €	0.0%
Francesco Renato Mele	Director			48,555.0 €	75,122.1 €	36,309.0 €	-51.7%
Gabriella Porcelli	Director	125,193.7 €	125,193.7 €	44,821.7 €			
Qinjing Shen	Director		32,709.3 €	35,209.1 €	42,624.9 €	75,122.1 €	76.2%
Simona Signoracci	Director			74,450.9 €	141,193.0 €	155,252.4 €	10.0%
Anna Chiara Svelto	Director			80,924.9 €	125,203.6 €	125,203.6 €	0.0%
Matteo Mario Busso	Standing Auditor	55,085.2 €	55,085.2 €	75,122.1 €	75,122.1 €	75,122.1 €	0.0%
Raffaella Fantini	Standing Auditor	45,069.7 €	45,069.7 €	16,135.8 €			
Lorenzo Pozza	Standing Auditor			29,133.0 €	45,073.3 €	45,073.3 €	0.0%
Vincenzo Simone	Standing Auditor	45,069.7 €	45,069.7 €	16,135.8 €			
Antonella Tomei	Standing Auditor			29,133.0 €	45,073.3 €	56,077.2 €	24.4%

The changes are due to the term in office and/or participation in Board Committees and not to any change in the applicable Remuneration Policy, Details of the individual components of remuneration are provided in the tables and notes in Section II of the Reports for 2022, 2023, 2024, 2025 and 2026.

Terna Group performance

INDICATOR	2021*	2022*	2023*	2024*	2025*	Δ 2025-2024
EBITDA	€1,854.8m	€2,059.2m	€2,168.6m	€2,566.4m	€2,750.8m	7.2%
Relative Total Shareholder	18.8%	1.0%	14.1%	5.5%	24.2%	18.7 p.p.

* In compliance with the requirements of IFRS 5, the overall results for 2025, 2024, 2023, 2022 and 2021 attributable to the South American subsidiaries involved in the potential sale of the Group's Latin American assets have been classified in "Profit/(Loss) from assets held for sale" in the Group's reclassified income statement.

Total average remuneration of employees*

SCOPE	2021 (€)	2022 (€)	2023 (€)	2024 (€)	2025 (€)	CHANGE 2025-2024
Employees in the electricity sector (average)	52,212	52,607	56,648	56,846	59,789	5.2%

The median total salary in 2025 is €53,151.

* excluding the Chief Executive Officer and General Manager



Part two

Table 1 - Remuneration paid to members of management and oversight bodies, General Managers and Key Management Personnel

A	B	C	D	1	2
NAME AND SURNAME	POSITION	PERIOD IN OFFICE	EXPIRY OF TERM OF OFFICE	FIXED REMUNERATION	FEES FOR PARTICIPATION IN BOARD COMMITTEES
Igor De Biasio	Chair of the Board of Directors	01/01/2025-31/12/2025	Approval of 2025 Budget	50,000.00 €	
(I) Remuneration from the company preparing the financial statements				188,000.00 €	
(II) Remuneration from subsidiaries and associates					50,000.00 €
(III) Total				238,000.00 €	50,000.00 €
Giuseppina Di Foggia	Chief Executive Officer and General Manager	01/01/2025-31/12/2025	Approval of 2025 Budget	35,000.00 €	
(I) Remuneration from the company preparing the financial statements				200,000.00 €	
(II) Remuneration from subsidiaries and associates				850,000.00 €	
(III) Total				1,085,000.00 €	
Jean-Michel Aubertin	Director	01/01/2025-31/12/2025	Approval of 2025 Budget	35,000.00 €	80,000.00 €
(I) Remuneration from the company preparing the financial statements				35,000.00 €	80,000.00 €
(II) Remuneration from subsidiaries and associates					
(III) Total				35,000.00 €	80,000.00 €
Stefano Cappiello	Director	24/06/2025-31/12/2025	Approval of 2025 Budget	18,315.07 €	10,301.37 €
(I) Remuneration from the company preparing the financial statements				18,315.07 €	10,301.37 €
(II) Remuneration from subsidiaries and associates					
(III) Total				18,315.07 €	10,301.37 €
Regina Corradini D'Arienzo	Director	01/01/2025-31/12/2025	Approval of 2025 Budget	35,000.00 €	40,000.00 €
(I) Remuneration from the company preparing the financial statements				35,000.00 €	40,000.00 €
(II) Remuneration from subsidiaries and associates					
(III) Total				35,000.00 €	40,000.00 €
Enrico Tommaso Cucchiani	Director	01/01/2025-29/07/2025	29/07/25	20,280.82 €	52,150.68 €
(I) Remuneration from the company preparing the financial statements				20,280.82 €	52,150.68 €
(II) Remuneration from subsidiaries and associates					
(III) Total				20,280.82 €	52,150.68 €

3		4	5	6	7	8
VARIABLE NON-EQUITY PAYMENTS		BENEFITS IN KIND	OTHER REMUNERATION	TOTAL	FAIR VALUE OF EQUITY-BASED PAYMENTS	SEVERANCE OR TERMINATION PAYMENTS
BONUSES AND OTHER INCENTIVES	PROFIT-SHARING					
				50,000.00 €		
				188,000.00 €		
		1,868.95 €		51,868.95 €		
		1,868.95 €		289,868.95 €		
				35,000.00 €		
200,000.00 €				400,000.00 €		
445,710.00 €		65,669.36 €		1,361,379.36 €	482,911.33 €	
645,710.00 €		65,669.36 €		1,796,379.36 €	482,911.33 €	
		187.27 €		115,187.27 €		
		187.27 €		115,187.27 €		
		46.60 €		28,663.04 €		
		46.60 €		28,663.04 €		
		122.13 €		75,122.13 €		
		122.13 €		75,122.13 €		
		117.95 €		72,549.45 €		
		117.95 €		72,549.45 €		



A	B	C	D	1	2
NAME AND SURNAME	POSITION	PERIOD IN OFFICE	EXPIRY OF TERM OF OFFICE	FIXED REMUNERATION	FEES FOR PARTICIPATION IN BOARD COMMITTEES
Paolo Damilano	Director	29/07/2025-31/12/2025	Approval of 2025 Budget		
				(I) Remuneration from the company preparing the financial statements	14,871.00 €
				(II) Remuneration from subsidiaries and associates	20,438.36 €
				(III) Total	14,871.00 €
				14,871.00 €	20,438.36 €
Angelica Krystlie Donati	Director	01/01/2025-31/12/2025	Approval of 2025 Budget		
				(I) Remuneration from the company preparing the financial statements	35,000.00 €
				(II) Remuneration from subsidiaries and associates	40,000.00 €
				(III) Total	35,000.00 €
				35,000.00 €	40,000.00 €
Marco Giorgino	Director	01/01/2025-31/12/2025	Approval of 2025 Budget		
				(I) Remuneration from the company preparing the financial statements	35,000.00 €
				(II) Remuneration from subsidiaries and associates	100,000.00 €
				(III) Total	35,000.00 €
				35,000.00 €	100,000.00 €
Gian Luca Gregori	Director	01/01/2025-31/12/2025	Approval of 2025 Budget		
				(I) Remuneration from the company preparing the financial statements	35,000.00 €
				(II) Remuneration from subsidiaries and associates	84,422.37 €
				(III) Total	35,000.00 €
				35,000.00 €	84,422.37 €
Karina Audrey Litvack	Director	01/01/2025-31/12/2025	Approval of 2025 Budget		
				(I) Remuneration from the company preparing the financial statements	35,000.00 €
				(II) Remuneration from subsidiaries and associates	80,000.00 €
				(III) Total	35,000.00 €
				35,000.00 €	80,000.00 €
Francesco Renato Mele	Director	01/01/2025-24/06/2025	24/06/25		
				(I) Remuneration from the company preparing the financial statements	16,916.67 €
				(II) Remuneration from subsidiaries and associates	19,333.33 €
				(III) Total	16,916.67 €
				16,916.67 €	19,333.33 €
QinJing Shen	Director	01/01/2025-31/12/2025	Approval of 2025 Budget		
				(I) Remuneration from the company preparing the financial statements	35,000.00 €
				(II) Remuneration from subsidiaries and associates	40,000.00 €
				(III) Total	35,000.00 €
				35,000.00 €	40,000.00 €
Simona Signoracci	Director	01/01/2025-31/12/2025	Approval of 2025 Budget		
				(I) Remuneration from the company preparing the financial statements	35,000.00 €
				(II) Remuneration from subsidiaries and associates	120,000.00 €
				(III) Total	35,000.00 €
				35,000.00 €	120,000.00 €

3		4	5	6	7	8
VARIABLE NON-EQUITY PAYMENTS		BENEFITS IN KIND	OTHER REMUNERATION	TOTAL	FAIR VALUE OF EQUITY-BASED PAYMENTS	SEVERANCE OR TERMINATION PAYMENTS
BONUSES AND OTHER INCENTIVES	PROFIT-SHARING					
		57.50 €		35,366.86 €		
		57.50 €		35,366.86 €		
		122.13 €		75,122.13 €		
		122.13 €		75,122.13 €		
		219.83 €		135,219.83 €		
		219.83 €		135,219.83 €		
		194.47 €		119,616.84 €		
		194.47 €		119,616.84 €		
		187.27 €		115,187.27 €		
		187.27 €		115,187.27 €		
		59.03 €		36,309.03 €		
		59.03 €		36,309.03 €		
		122.13 €		75,122.13 €		
		122.13 €		75,122.13 €		
		252.40 €		155,252.40 €		
		252.40 €		155,252.40 €		



A	B	C	D	1	2
NAME AND SURNAME	POSITION	PERIOD IN OFFICE	EXPIRY OF TERM OF OFFICE	FIXED REMUNERATION	FEES FOR PARTICIPATION IN BOARD COMMITTEES
Anna Chiara Svelto	Director	01/01/2025- 31/12/2025	Approval of 2025 Budget		
	(I) Remuneration from the company preparing the financial statements			35,000.00 €	90,000.00 €
	(II) Remuneration from subsidiaries and associates				
	(III) Total			35,000.00 €	90,000.00 €
Matteo Mario Busso	Standing Auditor	01/01/2025- 31/12/2025	Approval of 2025 Budget		
	(I) Remuneration from the company preparing the financial statements			55,000.00 €	
	(II) Remuneration from subsidiaries and associates			20,000.00 €	
	(III) Total			75,000.00 €	
Lorenzo Pozza	Standing Auditor	01/01/2025- 31/12/2025	Approval of 2025 Budget		
	(I) Remuneration from the company preparing the financial statements			45,000.00 €	
	(II) Remuneration from subsidiaries and associates				
	(III) Total			45,000.00 €	
Antonella Tomei	Standing Auditor	01/01/2025- 31/12/2025	Approval of 2025 Budget		
	(I) Remuneration from the company preparing the financial statements			45,000.00 €	
	(II) Remuneration from subsidiaries and associates			10,986.00 €	
	(III) Total			55,986.00 €	
	Key Management Personnel (8)				
	(I) Remuneration from the company preparing the financial statements			2,464,423.08 €	
	(II) Remuneration from subsidiaries and associates				
	(III) Total			2,464,423.08 €	

3		4	5	6	7	8
VARIABLE NON-EQUITY PAYMENTS		BENEFITS IN KIND	OTHER REMUNERATION	TOTAL	FAIR VALUE OF EQUITY-BASED PAYMENTS	SEVERANCE OR TERMINATION PAYMENTS
BONUSES AND OTHER INCENTIVES	PROFIT-SHARING					
		203.55 €		125,203.55 €		
		203.55 €		125,203.55 €		
		89.56 €		55,089.56 €		
		32.57 €		20,032.57 €		
		122.13 €		75,122.13 €		
		73.28 €		45,073.28 €		
		73.28 €		45,073.28 €		
		91.17 €		45,091.17 €		
				10,986.00 €		
		91.17 €		56,077.17 €		
1,790,216.00 €		249,489.16 €			711,664.05 €	
1,790,216.00 €		249,489.16 €		4,504,128.24 €	711,664.05 €	



Notes Table 1

Igor De Biasio	Col. 1	The amount includes: - the amount payable as fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Chair of the Board of Directors (€50,000); - the amount payable as fixed gross annual remuneration payable pursuant to art. 2389, para. 3 of the Italian Civil Code for the position of Chair of the Board of Directors (€188,000).
	Col. 2	The amount includes: - the gross remuneration for the position of Chair of the Sustainability, Governance and Scenarios Committee (€50,000).
Giuseppina Di Foggia	Col. 1	The amount includes: - the fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Director (€35,000); - the fixed gross annual remuneration payable pursuant to art. 2389, para. 3 of the Italian Civil Code for the position of Chief Executive Officer (€200,000); - the gross annual pay (€850,000) for the position of General Manager.
	Col. 3	The amount includes: - gross amount due under the STI scheme for 2025, relating to the position of Chief Executive Officer (€200,000); - gross amount due under the STI scheme for 2025, relating to the position of General Manager (€445,710).
Jean-Michel Aubertin	Col. 1	The amount relates to fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Director (€35,000).
	Col. 2	The amount includes: - the gross remuneration for the position of Member of the Audit and Risk Committee (€40,000); - the gross remuneration for the position of Member of the Sustainability, Governance and Scenarios Committee (€40,000).
Stefano Cappiello	Col. 1	The amount relates to the pro rata amount, for the period from 24 June 2025 to 31 December 2025, of the gross annual fixed remuneration established pursuant to Article 2389, para. 1 of the Italian Civil Code for the position of Director (€35,000). To be paid to the MEF.
	Col. 2	The amount relates to the pro rata amount, for the period from 29 September 2025 to 31 December 2025, of the gross remuneration for the position of Member of the Audit and Risk Committee (€40,000). To be paid to the MEF.
Regina Corradini D'Arienzo	Col. 1	The amount relates to fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Director (€35,000). This amount was not paid in 2025.
	Col. 2	The amount relates to the gross remuneration for the position of Member of the Remuneration and Nominations Committee (€40,000). This amount was not paid in 2025.
Enrico Tommaso Cucchiani	Col. 1	The amount relates to the pro rata amount, for the period from 1 January 2025 to 29 July 2025, of the gross annual fixed remuneration established pursuant to Article 2389, para. 1 of the Italian Civil Code for the position of Director (€35,000).
	Col. 2	The amount includes: - the pro rata amount, for the period from 1 January 2025 to 29 July 2025, as gross remuneration due as a member of the Audit and Risk Committee (€40,000); - the pro rata amount, for the period from 1 January 2025 to 29 July 2025, as gross remuneration for the position of Chair of the Remuneration and Nominations Committee (€50,000).
Paolo Damilano	Col. 1	The amount relates to the pro rata amount, for the period from 29 July 2025 to 31 December 2025, of the gross annual fixed remuneration established pursuant to Article 2389, para. 1 of the Italian Civil Code for the position of Director (€35,000).
	Col. 2	The amount includes: - the pro rata amount, for the period from 29 September 2025 to 31 December 2025, as gross remuneration for the position of member of the Audit and Risk Committee (€40,000); - the pro rata amount, for the period from 29 September 2025 to 31 December 2025, as gross remuneration for the position of member of the Remuneration and Nominations Committee (€40,000).
Angelica Krystlie Donati	Col. 1	The amount relates to fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Director (€35,000).
	Col. 2	The gross remuneration for the position of Member of the Related-Party Transactions Committee (€40,000).
Marco Giorgino	Col. 1	The amount relates to fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Director (€35,000).
	Col. 2	The amount includes: - the gross remuneration for the position of Chair of the Audit and Risk Committee (€60,000); - the gross remuneration for the position of Member of the Related-Party Transactions Committee (€40,000).

	Col. 1	The amount relates to fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Director (€35,000).
Gian Luca Gregori	Col. 2	The amount includes: - the pro rata amount, for the period from 1 January 2025 to 28 July 2025, as gross remuneration for the position of Chair of the Remuneration and Nominations Committee (€40,000); - the pro rata amount, for the period from 29 July 2025 to 31 December 2025, as gross remuneration for the position of Chair of the Remuneration and Nominations Committee (€50,000); - the gross remuneration for the position of Member of the Related-Party Transactions Committee (€40,000).
	Col. 1	The amount relates to fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Director (€35,000).
Karina Audrey Litvack	Col. 2	The amount includes: - the gross remuneration for the position of Member of the Remuneration and Nominations Committee (€40,000); - the gross remuneration for the position of Member of the Audit and Risk Committee (€40,000).
	Col. 1	The amount relates to the pro rata amount, for the period from 1 January 2025 to 24 June 2025, of the gross annual fixed remuneration established pursuant to Article 2389, para. 1 of the Italian Civil Code for the position of Director (€35,000). To be paid to Cassa Depositi e Prestiti S.p.A.
Francesco Renato Mele	Col. 2	The amount relates to the pro rata amount, for the period from 1 January 2025 to 24 June 2025, as gross remuneration for the position of member of the Audit and Risk Committee (€40,000). To be paid to Cassa Depositi e Prestiti S.p.A.
	Col. 1	The amount relates to fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Director (€35,000). To be paid to State Grid.
QinJing Shen	Col. 2	The amount relates to the gross remuneration for the position of Member of the Sustainability, Governance and Scenarios Committee (€40,000). To be paid to State Grid.
	Col. 1	The amount relates to fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Director (€35,000).
Simona Signoracci	Col. 2	The amount includes: - the gross remuneration for the position of Member of the Remuneration and Nominations Committee (€40,000); - the gross remuneration for the position of Member of the Sustainability, Governance and Scenarios Committee (€40,000); - the gross remuneration for the position of Member of the Related-Party Transactions Committee (€40,000).
	Col. 1	The amount relates to fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Director (€35,000).
Anna Chiara Svelto	Col. 2	The amount includes: - the gross remuneration for the position of Member of the Sustainability, Governance and Scenarios Committee (€40,000); - the gross remuneration for the position of Chair of the Related-Party Transactions Committee (€50,000).
	Col. 1	The amount includes: - the amount payable as fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Chair of the Board of Statutory Auditors (€55,000). This amount was not paid in part in 2025; - compensation as sole statutory auditor of Terna Plus S.r.l.. This amount was not paid in part in 2025.
Matteo Mario Busso	Col. 1	The amount relates to fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Auditor (€45,000). This amount was not paid in part in 2025.
Lorenzo Pozza	Col. 1	The amount includes: - the amount payable as fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Auditor of the Board of Statutory Auditors (€45,000). This amount was not paid in part in 2025; - the pro rata amount, for the period from 12 June 2025 to 31 December 2025, of the remuneration as sole statutory auditor of Terna Energy Solutions S.r.l. (€ 20,000). This amount was not paid in part in 2025.
Antonella Tomei	Col. 1	
Key Management Personnel	Col. 3	The amount includes total gross remuneration due under the STI scheme for 2025 (€1,790,216).



Table 3A

Equity-based incentive plans, other than share options, for members of the Board of Directors, General Managers and other Key Management Personnel

A	B	FINANCIAL INSTRUMENTS AWARDED IN PREVIOUS YEARS THAT DID NOT VEST DURING THE YEAR		
		1	2	3
NAME AND SURNAME	POSITION	PLAN	NUMBER AND TYPE OF FINANCIAL INSTRUMENTS	VESTING PERIOD
Giuseppina Di Foggia	Chief Executive Officer and General Manager	Cycle Performance Share Plan 2023-2027 (AGM of 9 May 2023)		
		Cycle Performance Share Plan 2024-2028 (AGM of 10 May 2024)	212.100	3 years
		Cycle Performance Share Plan 2025-2029 (AGM of 21 May 2025)		
(II) Remuneration from subsidiaries and associates				
(III) Total				
Key Management Personnel (8)				
		Cycle Performance Share Plan 2023-2027 (AGM of 9 May 2023)		
		Cycle Performance Share Plan 2024-2028 (AGM of 10 May 2024)	243.524	3 years
		Cycle Performance Share Plan 2025-2029 (AGM of 21 May 2025)		
(II) Remuneration from subsidiaries and associates				
(III) Total				

FINANCIAL INSTRUMENTS GRANTED DURING THE YEAR					FINANCIAL INSTRUMENTS VESTING DURING THE YEAR AND NOT AWARDED	FINANCIAL INSTRUMENTS VESTING DURING THE YEAR AND AWARDABLE	FINANCIAL INSTRUMENTS ATTRIBUTABLE TO THE YEAR	
4	5	6	7	8	9	10	11	12
NUMBER AND TYPE OF FINANCIAL INSTRUMENTS	FAIR VALUE AT GRANT DATE	VESTING PERIOD	GRANT DATE	MARKET PRICE ON GRANT DATE	NUMBER AND TYPE OF FINANCIAL INSTRUMENTS	NUMBER AND TYPE OF FINANCIAL INSTRUMENTS	VALUE AT GRANT DATE	FAIR VALUE
						218,740	9.88**	
181,975	1,448,734.00	3 years	24/06/25	8.66*				482,911.33
	1,448,734.00							482,911.3
						153,846	9.88**	
268,173	2,134,992.16	3 years	24/06/25	8.66*				711,664.05
	2,134,992.16							711,664.05

* The market price at the grant date: based on the Volume Weighted Average Price (VWAP) registered in the 22 working days prior to the Grant Date for the shares.

** Price calculated on the basis of the Volume Weighted Average Price (VWAP) registered in the 22 working days prior to the date of the Board of Directors' meeting that determined the number of shares to award.
Performance Share 2023-2027: for details on the finalisation of the indicators, please refer to paragraph 5 above.



Table 3B

Cash-settled incentive plans for members of the Board of Directors, General Managers and other Key Management Personnel

A	B	1	2			3			4	
			BONUS FOR THE YEAR			BONUS FOR PREVIOUS YEARS				OTHER BONUSES
			(A)	(B)	(C)	(A)	(B)	(C)		
NAME AND SURNAME	POSITION	PLAN	PAYABLE/PAID	DEFERRED	DEFERRAL PERIOD	NO LONGER PAYABLE	PAYABLE/PAID	STILL DEFERRED		
Giuseppina Di Foggia	Chief Executive Officer and General Manager									
(I) Remuneration from the company preparing the financial statements		2025 STI (CEO)	€ 200,000.00							
		2025 STI (GM)	€ 445,710.00							
(II) Remuneration from subsidiaries and associates										
(III) Total			€ 645,710.00							
Key Management Personnel (8)										
(I) Remuneration from the company preparing the financial statements		STI 2025	€ 1,790,216.00							
(II) Remuneration from subsidiaries and associates										
(III) Total			€ 1,790,216.00							

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Form 7-ter

Interests of members of management and oversight bodies, General Managers and Key Management Personnel Shares held by Directors and Statutory Auditors, General Managers and Key Management Personnel

In accordance with art. 84-*quater*, para. 4 of CONSOB Resolution 11971/99, the following tables provide a list of shares in Terna and its subsidiaries held by Directors, Statutory Auditors, General Managers (table 1) and Key Management Personnel (table 2), and by spouses who are not legally separated and minor children, either directly or through subsidiaries, trust companies or proxies, as recorded in the shareholder register, notifications received and other information obtained by such members of management and oversight bodies, General Managers and Key Management Personnel. The list includes all persons holding the positions of Director, Statutory Auditor, General Manager and Key Management Personnel in 2025.

The number of shares is reported by name for members of the management and oversight bodies and general managers and, on an aggregate basis, for other key management personnel.

TABELLA 1

NAME AND SURNAME	POSITION	INVESEE COMPANY ³¹	NUMBER OF SHARES HELD AT THE END OF THE PREVIOUS YEAR (2024)	NUMBER OF SHARES PURCHASED (IN 2025)	NUMBER OF SHARES SOLD (IN 2025)	NUMBER OF SHARES HELD AT THE END OF 2025	TITLE ³²
Busso Matteo Mario	Chair of the Board of Statutory Auditors	-	0	0	0	0	
Lorenzo Pozza	Standing Auditor	-	0	0	0	0	
Antonella Tomei	Standing Auditor	-	0	0	0	0	
Igor De Biasio	Chair of the Board of Directors	-	0	0	0	0	
Giuseppina Di Foggia	Chief Executive Officer	-	0	149,588 ³³	64,717 ³⁴	84,871	ownership
Francesco Renato Mele³⁵	Director	-	0	0	0	0	
Regina Corradini D'Arienzo	Director	-	0	0	0	0	
Angelica Krystle Donati	Director	-	0	0	0	0	
Enrico Tommaso Cucchiani³⁶	Director	-	0	0	0	0	
Gian Luca Gregori	Director	-	0	0	0	0	
Simona Signoracci	Director	-	0	0	0	0	
Karina Audrey Litvack	Director	-	0	0	0	0	
Anna Chiara Svelto	Director	-	0	0	0	0	
Marco Giorgino	Director	-	0	0	0	0	
Shen Quinjing	Director	-	0	0	0	0	
Jean Michel Aubertin	Director	-	0	0	0	0	

TABELLA 2

NUMBER OF KEY MANAGEMENT PERSONNEL	INVESEE COMPANY ³⁷	NUMBER OF SHARES HELD AT THE END OF THE PREVIOUS YEAR (2024) ³⁸	NUMBER OF SHARES PURCHASED (IN 2025)	NUMBER OF SHARES SOLD (IN 2025)	NUMBER OF SHARES HELD AT END OF 2025	TITLE ³⁹
8	TERNA S.p.A.	203,308	102,613 ⁴⁰	44,396 ⁴¹	261,525	ownership

³¹ TERNA S.p.A. and its subsidiaries.

³² In this column - added to Form 7-ter of Annex 3A provided for in art. 84-quater, para. 4 of CONSOB Resolution 11971/99 - shows if the shares are held under ownership or a pledge, are held in usufruct, have been deposited, lent or borrowed, etc.

³³ Shares allocated free of charge in implementing the Performance Share Plan 2022 – 2026.

³⁴ Sale for the purposes of sell to cover with regard to the grant free of charge implementing the Performance Share Plan 2022-2026.

³⁵ Until the date of participation in the Board of Directors of TERNA S.p.A. (i.e. 24 June 2025), no transactions on the Company's shares were notified.

³⁶ Until the date of participation in the Board of Directors of TERNA S.p.A. (i.e. 29 July 2025), no transactions on the Company's shares were notified.

³⁷ TERNA S.p.A. and its subsidiaries.

³⁸ During 2024, organisational changes took place that changed the scope and number of the Key Management Personnel. The figure only takes into account the number of shares held by the current key management personnel and, therefore, differs from the total number of shares at the end of 2024 reported last year.

³⁹ In this column - added to Form 7-ter of Annex 3A provided for in art. 84-quater, para. 4 of CONSOB Resolution 11971/99 - shows if the shares are held under ownership or a pledge, are held in usufruct, have been deposited, lent or borrowed, etc.

⁴⁰ 178,365 shares allocated free of charge in implementing the Performance Share Plan 2022-2026.

⁴¹ Sale for the purposes of sell to cover with regard to the grant free of charge under the "Performance Share Plan 2022-2026".



Glossary

Executive Directors: the chief executive officers of the Company or strategically important subsidiaries, including the Chair of these companies if granted executive powers or when they have a specific role in defining business strategies. Executive Directors also include Directors holding managerial positions in the Company or a strategically important subsidiary, or in the parent company when the position also relates to Terna. Finally, Directors who sit on the Executive Committee are also classified as Executive, when they have not been nominated as a Chief Executive Officer or when membership of the executive Committee, given the frequency of meetings and the matters decided on, effectively means there is systematic involvement of its members in the day-to-day running of Terna.

Directors with delegated powers: the Chair of the Board of Directors and the Chief Executive Officer.

Directors without delegated powers: all Directors except for the Chair of the Board of Directors and the Chief Executive Officer.

General Meeting of Shareholders: the collective body that deliberates on matters relating to the Company. All the holders of voting rights are represented (either directly or by proxies) at the meeting. The AGM has the powers conferred on it by law and the Company's Articles of Association: the most important of these are the power to approve the financial statements and to elect and terminate Directors and members of the Board of Statutory Auditors and its Chair. With regard to the Remuneration Policy, the AGM expresses a binding opinion on Section I and a non-binding opinion on Section II of the Report on the Remuneration Policy and Remuneration Paid.

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Clawback provisions: these are contract provisions enabling the Company to request the return of all or a part of the variable components of remuneration paid on the basis of information that was subsequently revealed to be inaccurate or misleading or in the event of fraud or gross negligence on the part of the beneficiary, or where there have been breaches of the related laws or regulations (company rules, statutory and regulatory requirements, etc.), without which the related performance objectives would not have been met.

Corporate Governance Code: Borsa Italiana's new Corporate Governance Code for Listed Companies, published in January 2020 and in effect from the first reporting period beginning after 31 December 2020, and to which Terna has adhered to since 27 January 2021. The document contains a series of principles and recommendations setting out the objectives of good corporate governance for companies listed on the screen-based trading system (*Mercato Telematico Azionario*) managed by Borsa Italiana. Application of the Code is voluntary and is described in the Report on Corporate Governance and Ownership Structures.

Board of Statutory Auditors: the Company's oversight body, which has the role of overseeing compliance with the law, the Company's Articles of Association and with correct corporate governance principles, also verifying the adequacy of the organisational structure and administrative and accounting systems adopted by the Company and their functionality. It expresses a mandatory, albeit non-binding, opinion on the definition of the Remuneration Policy for Directors with delegated powers, which must be taken into account in the decisions taken by the Board of Directors.

Audit and Risk Committee: established within the Board of Directors on the basis of art. 6 of the Corporate Governance Code. It is composed of five non-executive directors, the majority of whom are independent, and is chaired by an independent director. A description of the functions of the Audit and Risk Committee is provided in the Report on Corporate Governance and Ownership Structures.

Related-Party Transactions Committee: the Committee is made up of independent Directors with the roles and responsibilities provided for in the Regulation on Related Party Transactions, as amended. A description of the functions of the Related-Party Transactions Committee is provided in the Report on Corporate Governance and Ownership Structures.

Remuneration and Nominations Committee: established within the Board of Directors on the basis of art. 5 of the Corporate Governance Code. It is composed of non-executive directors, the majority of whom are independent, and is chaired by an independent director. A description of the functions of the Remuneration and Nominations Committee is provided in the Report on Corporate Governance and Ownership Structures.

Sustainability, Governance and Scenarios Committee: established within the Board of Directors on the basis of art. 4 of the Corporate Governance Code. It is composed of five non-executive directors, the majority of whom are independent, and is chaired by an independent director. A description of the functions of the Sustainability, Governance and Scenarios Committee is provided in the Report on Corporate Governance and Ownership Structures.

Board of Directors: this is the collective body responsible for management of the Company. Terna S.p.A.'s Board of Directors consists of 13 Directors. It is the body with the authority for, among other things, approving the Remuneration Policy recommended by the Remuneration Committee.

Key Management Personnel (KMP): these managers have the direct or indirect authority and responsibility for planning, managing and overseeing the Company's operations. A definition of "Key Management Personnel" is provided in Annex 1 to the CONSOB Regulation on Related-Party Transactions, last amended by resolution 22144 of 22 December 2021.

Entry level: the minimum level for performance indicators, below which the incentive plans will not pay any bonus.

Gate: the performance threshold, below which no bonus is due.

Key Performance Indicator (KPI): this is an indicator designed to measure performance and the achievement of predetermined objectives.

Lock-up period: the period of one year from the end of the vesting period, during which the shares awarded are non-transferable.

Short-Term Incentives (STI): this short-term form of incentive grants beneficiaries the right to receive an annual cash bonus, based on predetermined objectives agreed with each of the Plan beneficiaries.

Objective at target: the level of achievement of the objective granting the right to receive 100% of the incentive.

Overperformance: the maximum level of achievement of the objective granting the right to receive a predetermined maximum percentage of the incentive, above 100%.

Performance Share: this Share represents the shares in Terna S.p.A. awarded as a bonus as part of the long-term incentive plans linked to specific performance objectives.



Long-term Incentive (LTI) Plan: this is the long-term incentive plan that awards beneficiaries a bonus linked to the achievement of predetermined multi-year objectives at company level.

Issuers' Regulation: the CONSOB Issuers' Regulation no. 11971 of 14 May 1999, as amended, containing regulations applicable to the issuers of financial instruments.

Regulation on Related-Party Transactions: CONSOB Regulation 17221 of 10 March 2010, as amended, setting out rules designed to ensure the transparency and substantive and procedural fairness of related-party transactions carried out directly by the Company or through subsidiaries.

Gross Annual Pay (GAP): this is the gross annual remuneration paid, inclusive only of the fixed elements of remuneration related to the employment contract, with the exclusion of the benefits recognised in dependence of the employment relationship and of what is paid on an occasional basis, by way of reimbursement of expenses, as well as any incentive and variable component even if defined as guaranteed and/or paid as a one-off even in logic of Remuneration Policy intervention and/or for retention purposes or on a continuous, repeated or deferred basis, of the termination benefits (TFR) and any indemnity provided for by law and by the applicable collective agreement.

Shareholder: a person or entity holding shares in the Company.

Stakeholder: a person or entity with an interest in the Company and its business.

Consolidated Law on Finance (CLF): is the "Consolidated Law on Financial Intermediation", i.e. Legislative Decree 58 of 24 February 1998 (as amended).

Vesting (vesting period): this is the period between the grant of rights under an incentive scheme and the date on which the beneficiary acquires unconditional title to the underlying shares or cash payment.

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Mercurio GP
Milan

Strategic advisory
Creative concept
Graphic design
Layout
Editing

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