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2025
Annual Report





Terna
Driving Energy

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Terna
Driving Energy

This document is provided in addition to the ESEF version required by European Commission Delegated Regulation 2019/815, as amended, published and filled in accordance with the law.



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MISSION

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.

PURPOSE

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.



VISION

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.

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Letter to stakeholders

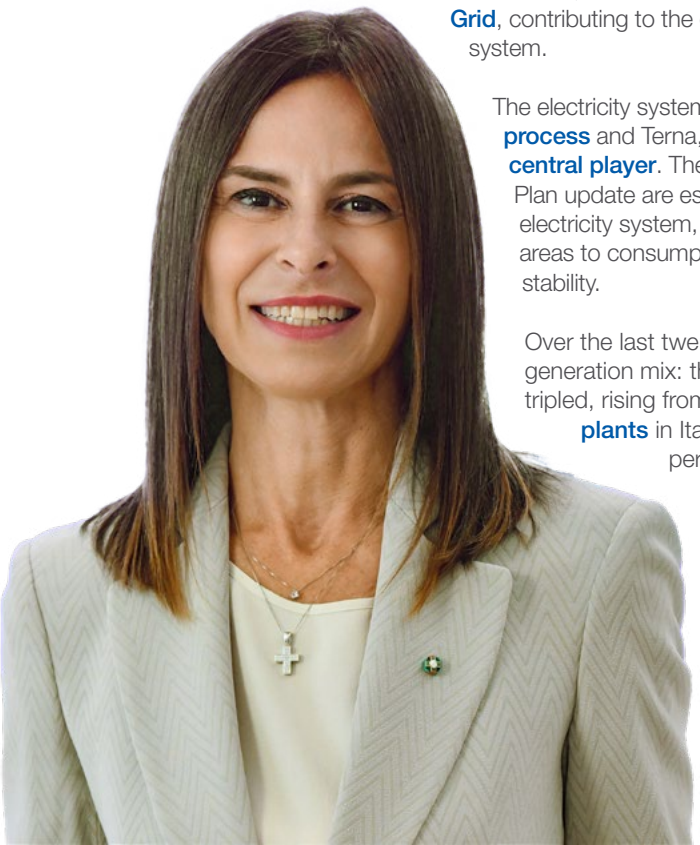
Dear shareholders and stakeholders,

in recent years, the **energy system has undergone a profound transformation**. Growing electricity demand, the evolution of the energy mix and geopolitical tensions have brought security of supply and market stability back to the centre of debate. In this context, **electricity infrastructure is becoming increasingly central** to integrating renewable sources, strengthening countries' energy independence and supporting the competitiveness of economic systems.

During the same period, energy markets have experienced strong volatility. The geopolitical tensions of recent years have had a major impact on markets and commodity prices. Russia's invasion of Ukraine in 2022 caused a sharp increase in gas prices in Europe, with peaks of over €300 per MWh in August 2022. Over the last two years, prices have since stabilised at around €40 per MWh in 2025. However, both prices and their volatility remain above pre-crisis levels (€10-15 per MWh), indicating that the market equilibrium is still fragile. The recent conflicts in the Middle East are creating difficulties in the supply of imported fuels, causing volatility and a sharp increase in energy prices.
This situation shows that, alongside environmental and economic sustainability, the issues of **energy security** and **energy independence** are more important than ever.

> Terna develops and ensures the evolution of the National Transmission Grid, contributing to the country's energy independence and the security of the electricity system

Europe, and Italy to a greater extent, are net importers of traditional fossil fuels. In this context, the main strategy for strengthening security and independence lies in the gradual **replacement of energy generated from fossil fuels with energy produced from renewable sources**. Renewable energy sources (RES), being local resources, make it possible to reduce the vulnerability of energy prices to international geopolitical pressures. Moreover, the widespread adoption of electricity as an energy carrier would also make it possible to decarbonise sectors that are typically based on conventional fossil fuels - such as transport and heating - while at the same time improving the efficiency of the energy system.



In this scenario, **Terna develops and ensures the evolution of the National Transmission Grid**, contributing to the country's energy independence and the security of the electricity system.

The electricity system plays a fundamental strategic role **in the energy transition process** and Terna, as owner and operator of the National Transmission Grid, is a **central player**. The initiatives and investments envisaged in the 2024-2028 Industrial Plan update are essential to ensure the integration of renewable energy into the electricity system, as well as to facilitate the transmission of energy from production areas to consumption centres, while at the same time ensuring grid security and stability.

Over the last twenty years, we have witnessed a structural change in the energy generation mix: the share of generation from RES in total domestic output has in fact tripled, rising from 17% to 48%. To date, the installed capacity of **wind and solar plants** in Italy exceeds **57 GW**. Compared to the target set for the 2021-2025 period by the Decree on Suitable Areas of 21 June 2024, the target for new installed capacity has been exceeded by 1.6 GW.

Giuseppina Di Foggia
Chief Executive Officer and
General Manager

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In addition, as of today, 22 GW of plants have already been contracted through mechanisms such as FER1, Agrivoltaics, RES X and Energy Release, and will progressively enter into operation over the coming years.

The integration of energy generated from RES also makes it necessary to develop significant volumes of **electricity storage** at the same time. In 2025, Italy recorded almost 18 GWh of storage capacity. Over recent years, storage capacity in Italy has grown above all thanks to large utility-scale plants contracted through the Capacity Market mechanism.

In September 2025, Terna held the **first MACSE auction**, the Mechanism for the Procurement of Electricity Storage Capacity created to ensure the development of storage capacity in a coordinated way with the growth of RES. 10 GWh of storage capacity was awarded, to be operational by 2028. The auction results highlighted strong interest, with bids more than four times higher than demand and a weighted average award price equal to around one third of the reserve premium.

In September 2025, Terna held the first MACSE auction: the auction results highlighted strong interest, with bids more than four times higher than demand

The Italian market is attractive to investors. Indeed, at the end of January 2026 there were **more than 300 GW of connection requests** from renewable generation plants, a figure six times higher than that required to achieve the NECP targets. Similar considerations also apply to storage plants. Added to these are almost 80 GW of connection requests from data centres, indirectly confirming confidence in the continuity and stability of the national electricity service, as well as in Terna's ability to execute the investments needed to strengthen the grid.

Managing such a high volume of connection requests requires **constant cooperation between Terna and** national and local **institutions**. In this context, the Bollette Decree-Law introduces a series of simplifications that send a positive signal for the future. These include the reform of connections for RES plants and the introduction of a dedicated authorisation process for data centres, which will make the overall connection process more streamlined.

Turning to the implementation of grid infrastructure, in the course of 2025 **more than 300 km of electrical connections** were completed, designed with the utmost attention to low-environmental-impact solutions. Among the main works were those for the Milan Cortina 2026 Olympic and Paralympic Winter Games, with investment of around €300 million in Lombardy, Trentino-Alto Adige and Veneto. This work was completed in synergy with the Group's industrial companies, such as the Brugg Cables Group for cable supply. Last year, the Paternò-Pantano-Priolo corridor in Sicily was also completed, helping to improve continuity of service and support the integration of renewable sources. Construction work also began on the Chiaramonte Gulfi-Ciminna electricity connection. In 2025, the authorisation process was also launched for the Sardinian Link, the new electricity connection between Northern and Southern Sardinia, and for the Central Link between Umbria and Tuscany.

With the **2024-2028 Industrial Plan update**, Terna has set the highest level of investment in the Group's history, amounting to **€17.7 billion** overall, of which €2.7 billion was delivered in 2024 and €3.5 billion in 2025.



Igor De Biasio
Chairman

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By the end of 2025, **around 92% of projects had been authorised** and around **88% were covered by procurement contracts**.

Our investment plan is fully sustainable from a financial standpoint. This strength is recognised by investors and rating agencies. In 2025, in fact, both S&P Global Ratings and Moody's **upgraded Terna's long-term rating**, in the first case from "BBB+" to "A-" and, in the second, from "Baa2" to "Baa1", both with a stable outlook. These are credit ratings we had not achieved for many years and they reflect Terna's sound financial profile.

Terna maintains its leadership position in **sustainable finance**: confirming this strategy, in 2025 the company successfully launched the first €750 million European Green Bond and, in January 2026, an €850 million perpetual hybrid European Green Bond, recording the lowest subordination premium ever.

The year 2025 also marked 20 years of Terna as an independent company and, in February 2026, the company exceeded **€20.5 billion in market capitalisation**, one of the highest levels in the FTSE MIB, with the share price also rising above €10 per share, its highest level since the June 2004 listing.

Terna's Industrial Plan is based on the concept of the twin transition, energy and digital, because the former cannot exist without the support of the latter. To this end, the company has allocated **€2.4 billion to innovation and digitalisation** within its investment plan.

The **strengthening of monitoring systems** and the **development of predictive algorithms** make it possible to optimise infrastructure maintenance and improve grid resilience to extreme weather events. Artificial intelligence is used, among other things, to support dispatching in forecasting national electricity demand, generation from renewable sources and the procurement needs for energy reserves. Artificial intelligence is also used in inspections carried out by helicopters and drones for asset monitoring, reducing by up to 60% the time required to process the data collected.

The ongoing transformation of the system also requires high safety standards. To this end, as per 2024-2028 Industrial Plan update, Terna has planned **€2.3 billion** of investment **to increase the security** of the National Electricity System. Based on what is set out in the Security Plan, Terna is proceeding with the installation of a series of assets, such as synchronous compensators, STATCOMs, reactors and stabilising resistors, which are essential to ensuring regulation and stability of the electricity system.

As regards innovation activities, within the framework of the open innovation model adopted by Terna, initiatives aimed at consolidating collaborations with national and international ecosystems are continuing. In 2025, three new innovation hubs, the **Terna Innovation Zones**, were inaugurated: in Tunis, in the Adriatic Region and in Turin. The **TSO Innovation Alliance** was also established, a collaboration among eight European operators whose main aim is to accelerate innovation for the energy transition.

Terna Energy Solutions S.r.l. (hereinafter also TES), the Group company that manages the **market activities** and serves as the reference hub for technological, innovative and digital solutions in the energy and industrial fields, was reorganised in 2025 through the integration of diversified expertise along the energy value chain. TES' new structure enables the Altenia Group - into which the system integrator activities for the energy transition have been transferred - to operate alongside the Tamini Group and the Brugg Cables Group.

Over the medium to long term, Terna's **2025 Development Plan** provides for a total investment programme of **over €23 billion** in the period 2025-2034 (+10% compared to the previous Plan). By 2030, major strategic works are expected to be completed, such as the Tyrrhenian Link, for which the laying of the first submarine cables of the two links has been completed at a record depth of 2,150 metres, a world record for a high-voltage direct current submarine power line; the Adriatic Link (Marche-Abruzzo); SA.CO.I.3 (Sardinia, Corsica and Tuscany); and the Elmed interconnection, the energy bridge between Italy and Tunisia. By 2034, further infrastructure reinforcements are planned, including the Milan-Montalto HVDC link, the Foggia-Forlì Adriatic Backbone and the Central Link, the Montecorvino-Avellino-Benevento power line and GR.ITA 2 (the first phase of the project), for which Terna and IPTO signed an MoU in 2025 for the design and construction of the new electricity interconnection between Italy and Greece, which will complement the existing one, in operation since 2002.

The year 2025 also marked 20 years of Terna as an independent company and, in February 2026, the company exceeded €20.5 billion in market capitalisation

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A recent independent study highlighted the **efficiency of** Terna's **investments**: the cost per GW of renewables integrated into the grid is half that incurred by the TSOs of Germany, France and the United Kingdom. This difference highlights the efficiency of the Italian model in integrating new renewable capacity, making a competitive contribution to decarbonisation targets in the context of the energy transition.

The National Transmission Grid is also a lever for the economic growth of the country system: according to research by OpenEconomics, **every euro invested by Terna generates €1.31 of GDP**, with positive effects along the entire supply chain and a significant impact above all in Southern Italy.

The National Transmission Grid is also a lever for the economic growth of the country system

The management of the Terna Group's business is guided by **sustainability values** and by **compliance with ESG** (Environmental, Social, Governance) criteria, in line with the ten principles of the United Nations Global Compact, to which the company has adhered since 2009. In these terms, Terna further strengthens its profile through inclusion in some of the main national and international ESG indices, including the MIB ESG and Stoxx Global ESG Leaders indices. According to the eligibility criteria introduced by the European Taxonomy, around 100% of Terna's investments are considered sustainable.

Fondazione Terna, which began its activities in 2025 was created on the basis that the energy and digital transition has a strong social dimension. In this perspective, the Foundation has chosen to foster greater social inclusion through broader access to the world of energy, in terms of knowledge, awareness and new job opportunities.

To ensure implementation of the Industrial Plan and to broaden the **Group's distinctive capabilities**, more than 800 people were hired in 2025, including more than 350 graduates in STEM disciplines, with women accounting for 36% of these hires, excluding operational staff, demonstrating the company's ability to attract talent. At the end of 2025, the Group's total workforce stood at **7,117 people**, including more than 2,300 professionals holding STEM qualifications and around 26% women, excluding operational staff.

Since people are our Company's most important asset, it is essential to nurture their potential by developing skills and active engagement in order to address ever more rapid change. Terna promotes activities and training paths aimed at the continuous enhancement of knowledge and skills, with the objective of developing flexibility and the ability to collaborate. **Respect** and **merit** are at the heart of Terna's values. Respect means recognising equal dignity and opportunity for every person, promoting inclusion and responsibility; merit is the criterion guiding performance assessment and career paths. To this end, over the last two years, we have delivered more than 30,000 hours of training on inclusive language and overcoming stereotypes.

Confirming the value and strength of the People strategy, we obtained the **Top Employers 2026** certification. At the end of 2025, Terna presented the **2025-2027 Strategic Plan for the Inclusion of Persons with Disabilities**, through which the Group confirms its intention to promote an accessible, fair and sustainable organisational model. Inclusive selection and leadership, pay equity, and training and awareness-raising to foster an ever more respectful working environment are at the centre of the **2024-2026 Strategic Plan for Gender Equality**.

The Company also helps bridge the gap between the demand for and supply of skills by strengthening the link between education, training and work. To this end, Terna has launched high-level academic programmes, such as the first edition of the second-level Master's programme **PoliTech Lab** - in collaboration with the Polytechnics of Bari, Milan and Turin - and the fourth edition of the second-level Master's programme within the **Tyrrhenian Lab** project, with the Universities of Cagliari, Palermo and Salerno.

Thanks to the skills and motivation of our people, we enable the transformation of the energy system by strengthening and digitalising the National Transmission Grid with innovative tools that facilitate the integration of renewable energy. **By combining execution capability, industrial vision and a sense of responsibility, Terna is making progress in delivering the objectives set for 2030 and contributing to the country's progress**.

Chief Executive Officer and
General Manager
Giuseppina Di Foggia

Chairman
Igor De Biasio

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Presentation of the Annual Report 2025

The Terna Group's 2025 Annual Report contains the Report on Operations, which by virtue of regulatory obligations introduced from 2024 in the area of reporting information of an ESG nature includes the Consolidated Sustainability Statement in a separate section, as well as the Consolidated financial statements, the Parent Company's Separate financial statements, and aims to provide all stakeholders with a clear, complete and balanced account of the Group's business and its value creation process.

The Terna Group's value creation process represents the phases of wealth creation and financial and sustainable benefits generated by the Company over time, through a sustainable business model based on the interaction between tangible and intangible capital available to the organisation. It is for this reason that the Terna Group has chosen to describe its value creation model by capital, in line with the International Integrated Reporting Council (IIRC) framework, which represent the essential resources that the Terna Group has at its disposal to create and preserve value over time through their continuous combinations and interactions, in order to also provide the outputs and related outcomes generated, highlighting the benefits that its stakeholders obtain both from a financial point of view and from the point of view of the social-relational and environmental impacts produced.

Starting from 2024 reporting year, the Terna Group is required to prepare the Consolidated Sustainability Statement pursuant to Legislative Decree no. 125 of 6 September 2024 (the "Decree"), which transposes the provisions of Directive (EU) no. 2022/2464 - the Corporate Sustainability Statement Directive ("CSRD") - into national law, replacing the previous non-financial reporting requirements (pursuant to Legislative Decree no. 254/2016). During this year, the Group has operated in continuity with the approach adopted in the last reporting year, keeping the structure of the document substantially unchanged.

As required by the CSRD, the Consolidated Sustainability Statement was prepared in accordance with the European Sustainability Reporting Standards (ESRS) developed by EFRAG (European Financial Reporting Advisory Group), the main purpose of which is to provide stakeholders with a complete, transparent view of the Group's ESG performance, allowing for easy comparability with other companies on the European scene. These reporting standards are well identified within Report on Operations.

In order to ensure the comparability of the mandatory sustainability disclosure and full compliance with the regulations, the Terna Group has included the Consolidated Sustainability Statement in a specific section of the Report on Operations and defined a structure for it in line with the example in Appendix F (ESRS 1) and with the external recommendations (ESMA), providing for a few specific references – within the Report on Operations – with particular reference to the Terna Group's business and to its strategic description in order to ensure greater fluidity in reading these aspects and make it easier to find information. For more details on the structure of the Consolidated Sustainability Statement, see the paragraph "General basis for preparation" in the "General disclosures" section.

Accordingly, any additional information in the ESG area that the Terna Group wishes to disclose will be included in complementary documents published on a voluntary basis or on the company website.

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The contents of the Consolidated Sustainability Statement 2025 are based on the findings of the Double Materiality Assessment conducted in accordance with the requirements of the CSRD, ESRS and related Implementation Guidelines. This assessment identified the most relevant sustainability topics for the Terna Group, adopting an integrated approach that considered both impact materiality and financial materiality. Through the impact materiality, the Terna Group assessed the significant effects that its activities have generated at environmental, social and governance levels, considering both current and potential impacts, both positive and negative, and their repercussions on the entire value chain. Through financial materiality, on the other hand, the Group analysed how environmental, social and governance (ESG) issues have affected and could affect its financial performance in the future and assessed the risks and opportunities arising from them.

Moreover, the ESRS Standards incorporate and integrate the main characteristics of the TCFD (Task Force on Climate-Related Financial Disclosures) and TNFD (Taskforce on Nature-related Financial Disclosures) frameworks, which the Terna Group had also aligned with in its previous years' reports, and for which the relevant information can be found in the "Environmental information" section of the Consolidated Sustainability Statement 2025.

The Report on Operations is an interactive document, including a number of hyperlinks providing additional information on certain topics and taking the reader directly to specific pages on Terna's website at www.terna.it.

In addition, the Annual Report contains information in line with the ESMA Priorities and the mandatory requirements under article 8 of the EU Taxonomy and related delegated acts included in the "Environmental information" section.

This 2025 Annual Report was approved by Terna S.p.A.'s Board of Directors on 26 March 2026.

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DISCLAIMER
The Annual Report contains forward-looking statements based on plans, estimates, projections and current projects that by their nature involve risks and uncertainties and that are current only as of the date on which they are made. Various factors may mean that the actual results and provisions made by the Company differ substantially from those contained in any forward-looking statement. These factors may include, by way of example but not limited to: trends in the Company's business, the Company's ability to implement planned cost efficiencies, changes in the regulatory framework, differing interpretations of laws and regulations, the ability to successfully diversify and the expected level of future investment.

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REPORT ON OPERATIONS

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Overview of 2025

ECONOMIC FINANCIAL

€/milion

Revenue
4,033.0
+9.6% vs 2024

EBITDA
2,750.8
+7.2% vs 2024

Profit attributable to owners of the Parent
1,111.5
+4.7% vs 2024

Net Debt
13,000.2

Capital Expenditure
3,514.9
+30.6% vs 2024
of which 99% aligned with the EU Taxonomy

Dividend per share
0.3962€

Terna's shares

9.054 €/share
at 31.12.2025

The shares reached a yearly high of €9.176 on 21 November.

OPERATIONAL

* Provisional data

Electricity system

Demand
311* TWh
-0.2% vs 2024

Demand met from RES
41%*
42% nel 2024

244* MWh
the actual level of energy not supplied through NTG **(RENS indicator)**, compared to the annual target of approximately 711 MWh set by ARERA in 2025

Service quality costs
3.8 € mln
(**+1.3 €/mln** vs 2024)

Infrastructure

Operational in the NTG approximately
373 km
of circuits,

9 new substations,

152
bays to **expand substations**

Approximately
481 km
of circuits,

3 substations,

29
bays of the NTG acquired as part of the acquisition of 100% of Rete 2 S.r.l.

38 development projects for the NTG **authorised** by the Ministry of the Environment and Energy Security and the relevant bodies, for a total amount of approximately
€927 million

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ENVIRONMENTAL

0.30%
Group SF_6 leakage rate
(vs **27%** vs 2024)

92%
of the Group's waste recovered
(vs **91%** nel 2024)

-31%
scope 1 and scope 2 emissions
in accordance with Group Science Based Target
(compared to baseline)

SOCIAL

31.2%
women Top Managers out of total Group Top Managers

7,117
Group **employees**
(**+11** vs 2024)

Over 59
average hours of training
in the Group
(**+20%** vs 2024)

Top Employer 2025 certification
obtained

GOVERNANCE

53%
of the supply segments for which Terna requires mandatory ESG certifications
(vs **43%** nel 2024)

No. 1 electricity company in the world in the **"Corporate Sustainability Assessment 2025"** of S&P Global and in the **ESG Risk Assessment** of Sustainalytics (updated December 2025)

To date, the securities portfolio is 85
(including obtained and deposited)

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Main events of 2025

January

Terna Innovation Zone Tunisia inaugurated, the first innovation hub in Africa managed by Terna to strengthen the strategic partnership between Italy and Tunisia and promote technological innovation, fostering the development of skills in the Tunisian energy sector.

Top Employer 2025 Certification obtained, in recognition of excellence in people management practices and policies.

The Company was included in the **"Most Climate-conscious Companies"** ranking – compiled by "Corriere della Sera" and "Statista" – which rewarded Italian companies that have reduced the ratio between their CO_2 emissions and turnover the most.

February

A **fixed-rate, single-tranche green bond issue** launched under the Euro Medium Term Notes (EMTN) Programme, for a total amount of **€750 million** and a **seven-year term**.

CDP (formerly Carbon Disclosure Project) once again included Terna in the "Leadership" category, confirming the "A-" rating.

March

2025 Development Plan for Terna's NTG and **2024-2028 Industrial Plan update** presented, with an **investment programme of over €23 billion over the 2025-2034 ten-year period** and **total investment of €17.7 billion**. Terna consolidates its role as a key enabler for the energy transition while providing significant momentum to the commitment to helping the country towards decarbonisation and reducing its dependence on foreign sources of supply.

Following the presentation of the 2024-2028 Industrial Plan update, **Terna's long-term ratings** were confirmed **one notch higher than those of the Italian Republic** (BBB+ for Standard & Poor's and Baa2 for Moody's).

ESG-linked Revolving Credit Facility signed for a **total amount of €1.8 billion** to refinance the ESG Revolving Credit Facility signed in December 2021 for an original amount of €1.65 billion.

Terna announced the **new structure for Non-Regulated Activities**: **Altenia**, a company that brings together all the system integrator activities for the energy transition, joins Tamini, a leader in the transformer sector, and Brugg, a company that produces terrestrial cables.

April

Terna's long-term rating positively revised by Standard & Poor's, upgraded from "BBB+" to "A-", one notch above that of the Italian Republic, with a stable outlook. The short-term rating was confirmed at "A-2". The upgrade of the rating by the agency follows that of the Italian Republic (from BBB to BBB+).

High Competence Polytechnic Network presented, promoted by Terna in collaboration with the Polytechnics of Turin, Milan and Bari, with the aim of supporting research, innovation and high-level training for the benefit of the security and resilience of the grid and the electricity system.

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May

Laying of the first submarine cable of the east link (connecting Campania and Sicily) **of the Tyrrhenian Link** completed, one of Terna's most significant electricity infrastructures in the country. In just over two months, about 490 km of power line were installed.

Memorandum of Understanding (MoU) between **Terna** and **IPTO** signed, with the Greek Transmission System Operator (TSO), during the intergovernmental summit between Italy and Greece, to govern the main terms and conditions for the design and construction of the new electricity interconnection between the two countries. The new submarine connection will complement the existing interconnection, which has been in operation since 2002.

Terna's ordinary Shareholders' Meeting **approves the 2024 financial statements and resolves on a dividend of 39.62 euro cents per share** for the entire 2024 financial year.

Best HR Team 2025 Certification obtained, recognising excellence in people management practices and policies.

June

Moody's confirmed Terna's long-term rating at Baa2, one notch above that of the Italian Republic. At the same time, the agency revised Terna's **outlook** from stable to **positive**, confirming the financial soundness.

Memorandum of Understanding between **Terna** and **Microsoft** signed for the development of strategic initiatives dedicated to the Company's digital transformation.

The **€12 billion "Euro Medium Term Note Programme" (EMTN)**, listed on the Luxembourg Stock Exchange and authorised by the Commission de Surveillance du Secteur Financier (CSSF), was renewed.

€4 billion "Euro Medium Term Note Programme" (EMTN) established, listed on the electronic bond market (MOT) of Borsa Italiana and approved by CONSOB.

Terna was once again included in the **"World's Most Sustainable Companies 2025"** ranking published by TIME.

July

TSO Innovation Alliance established following the signing of a **Memorandum of Understanding** between eight European TSOs, to accelerate the adoption of innovative solutions that increase the resilience and efficiency of the continent's electricity grid and facilitate the integration of weather-dependent energy sources.

Memorandum of Understanding between **Terna** and **NPC Ukrenergo** signed, with the Ukrainian TSO, during the Ukraine Recovery Conference 2025, for a term of three years, to foster the exchange of experience and advanced technologies in the management of electricity transmission systems.

Financing arrangements totalling **€1.5 billion** signed between the European Investment Bank (EIB), Terna, Intesa Sanpaolo (IMI CIB Division), and SACE in order to support the development and construction of the **Adriatic Link**, Terna's submarine power line that will connect Marche and Abruzzo.

First European Green Bond launched under the €4 billion Euro Medium Term Notes (EMTN) Programme, as a fixed-rate single-tranche issue for a total amount of **€750 million** and a term of six years.

Terna was awarded the **"Women Empowerment Company 2025"**, promoted by the Bellisario Foundation in collaboration with Confindustria, confirming its commitment to promoting female leadership and equal opportunities.

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September

The **first auction** under the **MACSE** (Electricity Storage Procurement Mechanism) was held on 30 September, **allocating 10 GWh of storage capacity** to Southern Italy and the islands, **covering 100% of the required demand**. The contracted facilities, consisting of lithium-ion battery systems, are scheduled to enter into operation in 2028.

Headquarters of the **Innovation Zone Adriatico** inaugurated in Ascoli Piceno, where a strategic hub for innovation and the development of new technologies supporting the energy transition and the growth of the Adriatic business ecosystem will be hosted.

Memorandum of Understanding with the **Marche Region** signed to define the operating arrangements for a collaboration aimed at improving the planning and siting of new electricity infrastructure in the region and coordinating the development of the works needed to achieve the environmental and energy objectives set out in the Regional Energy and Environmental Plan (PEAR).

Approximately 481 km of circuits, **3 stations** and **29 bays of the NTG acquired** as part of the completion of the acquisition of 100% of Rete 2 S.r.l., from Areti, owner of part of the Acea Group's high-voltage infrastructures located in the Rome metropolitan area.

Share buyback programme to service the 2025-2029 Performance Share Plan concluded, for a total outlay of approximately €9 million to purchase 1,060,499 treasury shares (equal to 0.053% of the share capital).

October

Terna Innovation Zone Turin was launched on 1 October, focusing on the research and development of innovative technological solutions in the cleantech and gridtech fields, in order to address the twin transition of the electricity grid (energy and digital), with a particular eye on Europe.

Memorandum of Understanding between **Terna** and **ACN** (National Cybersecurity Agency) signed for **cooperation on cyber security**. The MoU aims to further strengthen the security and cyber resilience of the electricity supply chain and national energy sector.

November

Moody's improved Terna's long-term rating from "Baa2" to "Baa1", one notch above that of the Italian Republic. At the same time, the agency also **raised its subordinated debt rating from "Ba1" to "Baa3"** (investment grade) and changed Terna's outlook **from positive to stable**, confirming Terna's financial soundness.

ESG-linked Credit Facility Agreement signed for a **total amount of €200 million**, confirming the ongoing commitment to introducing a business model increasingly geared towards consolidating sustainability as a strategic lever.

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Terna completed the work planned for the new high-voltage and very high-voltage electricity network of the **Olympic and Paralympic Winter Games in Milan Cortina 2026**. **Investment of around €300 million** planned to strengthen the meshing of the electricity grid and increase resilience in areas affected by extreme weather events in Lombardy, Veneto and Trentino-Alto Adige, with the aim of increasing the reliability and energy security of the territories that hosted the Olympic and Paralympic competitions in 2026. In November, **partnership** between **Fondazione Milano Cortina 2026** and **Terna** signed in view of the Olympic and Paralympic Winter Games.

First edition of the second-level Master's programme "PoliTech Lab": Innovation in Electrical Systems for Energy inaugurated, promoted by Terna in collaboration with the Polytechnics of Bari, Milan and Turin. The call, launched in April, closed in September.

Fourth edition of the Master's programme "Digitalisation of the electricity system for the energy transition" inaugurated, promoted by Terna in collaboration with the Universities of Cagliari, Palermo and Salerno as part of the Tyrrhenian Lab project. The call was launched in May and ended in September.

December

A **five-year ESG-linked Credit Facility Agreement** signed for a **total amount of €300 million**.

Terna was confirmed among the **global sustainability leaders** in the electricity utility sector according to the Assessments of S&P Global and Sustainalytics, following the results achieved in the Standard & Poor's Global Corporate Sustainability Assessment (CSA) 2025.

Terna Forward S.r.l., a company of the Terna Group, entered the share capital of **Hibot Corporation**, a leading Japanese company in the field of robotics, and **Hypermeteo S.r.l.**, an Italian company that develops climate analyses with the support of Artificial Intelligence with a **total investment of approximately €2 million**.

Terna won the **Corporate Startup Stars Award**, for the second year in a row for its contribution to the innovation of the European electricity system, confirming its position among the most innovative companies on the international scene.



With an investment of approximately €300 million, Terna has built the new high-voltage and very high-voltage electricity network of the Olympic and Paralympic Winter Games in Milan Cortina 2026.

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Corporate bodies

Composition of the corporate bodies at the date of approval of this document.

Board of Directors	**Chairman** Igor De Biasio **Chief Executive Officer** Giuseppina Di Foggia	**Directors** Marco Giorgino Karina Audrey Litvack Jean-Michel Aubertin Anna Chiara Svelto Stefano Cappiello[1] Qinjing Shen	 Regina Corradini D'Arienzo Angelica Krystle Donati Paolo Damilano[2] Gian Luca Gregori Simona Signoracci
Board of Statutory Auditors	**Chairman** Mario Matteo Busso	**Standing Auditors** Lorenzo Pozza Antonella Tomei	**Alternate Auditors** Lucrezia Iuliano Antonello Lillo Barbara Zanardi
Independent Auditors	Deloitte & Touche S.p.A.		
Manager Responsible for Financial Reporting	Francesco Beccali		

[1] 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.
[2] 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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Board Committees

Audit and Risk Committee[3]

Chairman
Marco Giorgino
(independent)

Independent members
Karina Audrey Litvack
Jean-Michel Aubertin
Stefano Cappiello
Paolo Damilano

Sustainability, Governance and Scenarios Committee

Chairman
Igor De Biasio
(independent)

Independent members
Jean-Michel Aubertin
Simona Signoracci
Anna Chiara Svelto

Non-independent members
Qinjing Shen

Remuneration and Nominations Committee

Chairman
Gian Luca Gregori[4]
(independent)

Independent members
Paolo Damilano[5]
Karina Audrey Litvack
Simona Signoracci

Non-independent members
Regina Corradini D'Arienzo

Related-Party Transactions Committee

Chairman
Anna Chiara Svelto
(independent)

Independent members
Angelica Krystle Donati
Marco Giorgino
Gian Luca Gregori
Simona Signoracci

For more information about the corporate bodies, their tasks and responsibilities, see the section "Corporate Governance and sustainable success" in the Consolidated Sustainability Statement.

[3] It should be noted that i) until 24 June 2025, Director Francesco Renato Mele was a non-independent member of the Audit and Risk Committee and ii) until 29 July 2025, Director Enrico Tommaso Cucchiani was an independent member of the Audit and Risk Committee. On 29 September 2025, the Board of Directors appointed Stefano Cappiello and Paolo Damilano as independent members of the Audit and Risk Committee.
[4] It should be noted that until 29 July 2025, Director Enrico Tommaso Cucchiani served as the (independent) Chair of the Remuneration and Nominations Committee and, on the same date, the Board of Directors entrusted that position to Gian Luca Gregori, already an independent member of the Committee.
[5] On 29 September 2025, the Board of Directors appointed Paolo Damilano as a member of the Remuneration and Nominations Committee.

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Further information, not disclosed in the Report on Operations, regarding Terna's corporate governance may be found in the Report on Corporate Governance and Ownership Structures, approved by the Board of Directors on 26 March 2026 and available in the "System of Corporate Governance – Governance Report" section of Terna's website, and in the Remuneration report, also available on Terna's website.



IGOR DE BIASIO
Chairman



GIUSEPPINA DI FOGGIA
Chief Executive Officer



JEAN-MICHEL AUBERTIN
Director



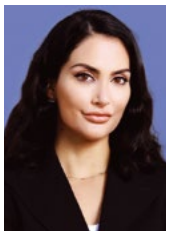
STEFANO CAPPIELLO
Director



REGINA CORRADINI D'ARIENZO
Director



PAOLO DAMILANO
Director



ANGELICA KRYSTLE DONATI
Director



MARCO GIORGINO
Director



GIAN LUCA GREGORI
Director



KARINA AUDREY LITVACK
Director



QINJING SHEN
Director



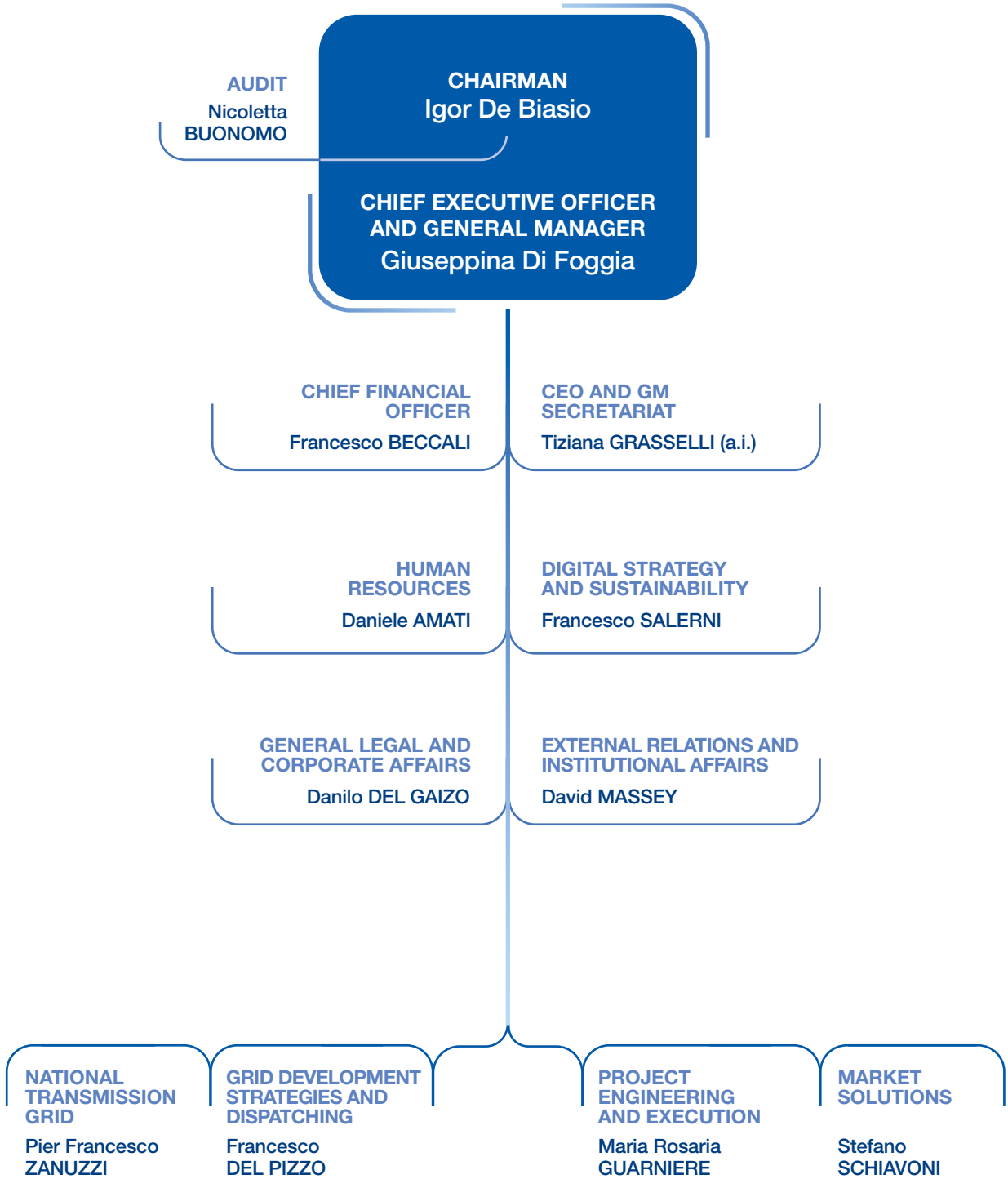
SIMONA SIGNORACCI
Director



ANNA CHIARA SVELTO
Director

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The structure of Terna's management team at 26 March 2026 is as follows:



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The Terna Group

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Structure of the Group 40

Group milestones 42

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The role of Terna

Terna owns and operates Italy's high- and very-high-voltage National Transmission Grid (NTG), one of the most modern and technologically advanced in Europe. The Group acts as an enabler of the electricity system in the context of the twin energy and digital transition towards environmentally sustainable sources, ensuring a secure and efficient supply for households and businesses.

Total managed power lines (380 kV) and interconnections



75,905 Km of circuits
owned managed

926 substations

4 control centres

311* TWh
demand for electricity
(* Provisional data)

data at 31 December 2025

30 interconnections
with foreign countries

Interventions for the development of the capacity for interconnection towards a sustainable and integrated Europe

NTG 380 kV substation — NTG 380 kV line — NTG ≥ 380 kVcc line cables — Interconnections

Terna, as the TSO (Transmission System Operator), carries out the activities of **transmission** and **electricity dispatching**.

This is a complex task, requiring an independent central coordinator capable of having an overall view of a high number of actors involved in both production and consumption.

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Terna therefore plays a **fundamental role in serving the country**, as set out in the Group's Purpose, Mission and Vision. Indeed, Terna:

- constantly ensures that the national electricity system is **stable**, **secure**, **sustainable**, **resilient**, **efficient**, **and accessible**, while maintaining **high standards of service quality**;
- **drives the complex energy transition** towards a new decarbonised model: a transition that is also fair and inclusive, taking into account environmental considerations, technological innovation and also social aspects;
- **works to promote Italy's energy independence**: the growing integration of renewable sources into the national electricity grid will reduce the country's dependence on foreign sources of supply, a crucial factor in an increasingly uncertain global geopolitical context;
- **helps reduce price volatility for end users** through the greatest possible integration of renewables and the increasingly efficient management of energy flows.

The National Transmission Grid is the **main enabling factor in achieving the challenging decarbonisation targets** set at European and national level, which can only be met through greater electrification of consumption by households and businesses. The investment plan, the most significant in the Group's history, outlines the way Terna intends to address these challenges.



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The challenges of the energy transition for the electricity system

From the standpoint of the electricity system, and in particular of the transmission activities managed by Terna, injecting new "renewable lifeblood" into the grid requires **a planning, authorisation and investment implementation effort unprecedented in Italy in recent decades**, also due to the intrinsic characteristics of wind and solar sources. Indeed, these sources:

- **are not programmable** - the intermittency of intermittency of wind power makes dispatching more difficult;
- **are concentrated in Southern Italy, while demand is higher in the North**.

This translates into major challenges for the TSO, which must maintain the current high levels of quality of electricity service, while avoiding an excessive increase in costs for citizens and businesses.

To integrate growing volumes of generation from Non-Programmable Renewable Sources (NRES) in place of fossil fuel generation, it will therefore be necessary **to develop storage capacity and grid infrastructure**, managed in an increasingly digital and intelligent manner.

Another challenge the electricity system of the future must address concerns the increasing frequency and intensity of **extreme natural and weather related events**. This condition, together with the growing intensity of potential cyber threats, requires investment and constant monitoring to ensure grid resilience.

Sustainability, an integral part of Terna's strategy

Sustainability lies at the heart of Terna's strategy; accordingly, the Group considers **energy equity** to be of fundamental importance and also places the human dimension at the centre. Terna constantly engages all parties involved in the transition - institutions, civil society and trade associations - through partnerships, forums for dialogue and listening initiatives, and it strives to reduce inequalities and prevent new forms of energy poverty.

Confirming the crucial role of sustainability in pursuing a transition that is also just and inclusive, in March 2024 **the 2024-2028 Sustainability Plan was fully integrated into the Industrial Plan**. Sustainability is inherent in Terna's very nature (Green by Nature), but it also represents the way in which Terna chooses to carry out its activities (Social by Purpose). The importance of social sustainability is also evidenced by the establishment of **Fondazione Terna**, fully operational since January 2025, which has launched initiatives focused on combating absolute, energy and educational poverty.

For Terna, the awareness of playing a fundamental role in the energy transition goes hand in hand with the intention of **further strengthening its environmental strategy** by adopting a Science Based Target (SBT), namely a target for reducing its CO_2 emissions based on measuring the existing situation, designing concrete actions and obtaining validation from a third party. Terna has thus **committed to cutting its CO_2 emissions by 46% by 2030** compared with 2019. In addition, it launched activities for the adoption of a new Science Based Target for Nature, consistent with the Group's commitment to protecting ecosystems and biodiversity.

Lastly, implementation of Terna's strategy cannot do without **new technologies** and **digitalisation**, which are essential to increasing the security, resilience and flexibility of the national transmission infrastructure.

Sustainability is inherent in Terna's very nature (Green by Nature), but it also represents the way in which Terna chooses to carry out its activities (Social by Purpose).

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Socio-economic impacts of Terna's activities

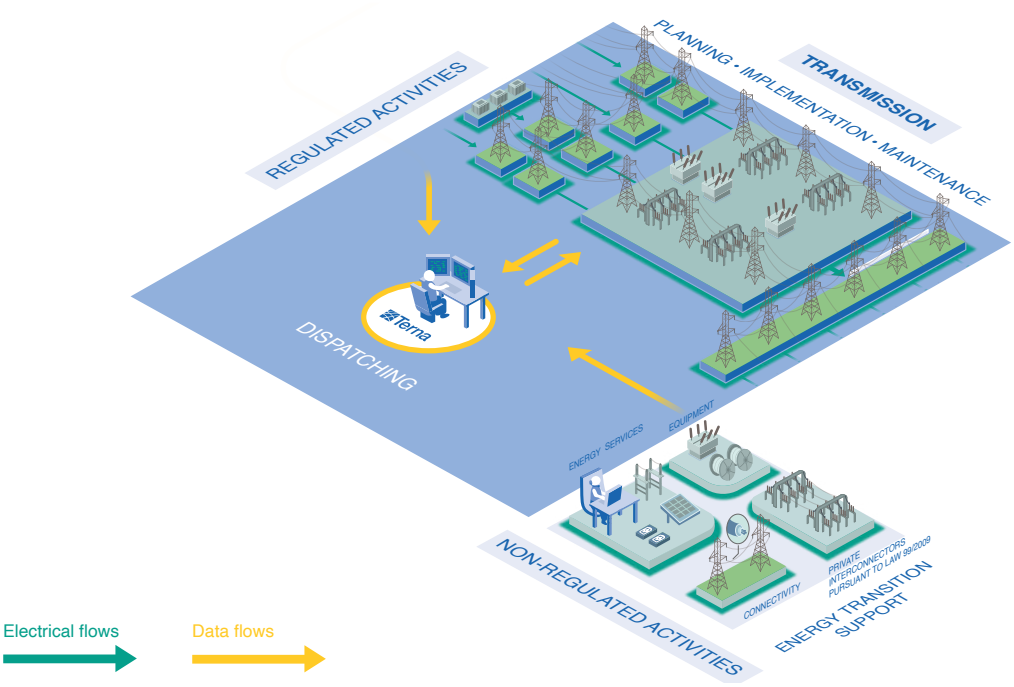
The National electricity Transmission Grid plays a central role in the security and efficiency of the electricity system, with tangible benefits for Italy's competitiveness. Its development, together with the integration of renewable sources and storage systems, is a key lever for improving energy security and reducing energy costs. Evidence of the macroeconomic impact of Terna's investments in Italy on the value of production and on GDP is set out in the study "Energy security and independence: the transmission grid as a lever for Italy's competitiveness"[6]. According to the analysis, **every euro invested in the transmission grid generates an impact of €2.98 on the value of production and €1.31 on GDP**. Overall, therefore, the investments planned in Terna's five-year Industrial Plan translate into €35 billion in value of production and €16.2 billion in GDP, supporting the creation of almost 40,000 average annual jobs.

In addition, the Italian electricity system is characterised by a high level of efficiency in planning investments to integrate new renewable generation: the unit cost per GW is around half the levels recorded in Germany, France and the United Kingdom. In practice, therefore, **every €1 billion invested by Terna enables more renewables than other TSOs**. Investment efficiency is measured by comparing planned investments with the additional renewable capacity that electricity systems must integrate over the same time horizon. The higher return on investment makes it possible to accelerate RES integration and reduce congestion charges and dispatching service costs in the medium term.

[6] https://www.terna.it/en/media/press-releases/detail/teha-terna-energy-security-independence-transmission-grid-lever-italy-competitiveness. https://www.ambrosetti.eu/news/sicurezza-e-indipendenza-energetica-la-rete-di-trasmissione-come-leva-per-la-competitivita-dellitalia/.

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The Terna Group's business



The Terna Group's current **business model** is structured around two areas of business.

The main one consists of **Regulated Activities**, in accordance with the obligations arising from the government concession. Terna, owner and operator of the high and very-high-voltage National Transmission Grid (NTG), therefore performs a **public service role to ensure the country's electricity supply**. It operates under a monopoly regime, in accordance with the rules laid down by the Regulatory Authority for Energy, Networks and the Environment (ARERA) and in implementation of the guidelines issued by the Ministry of Economic Development.

More specifically, the Group's regulated activities are divided into:

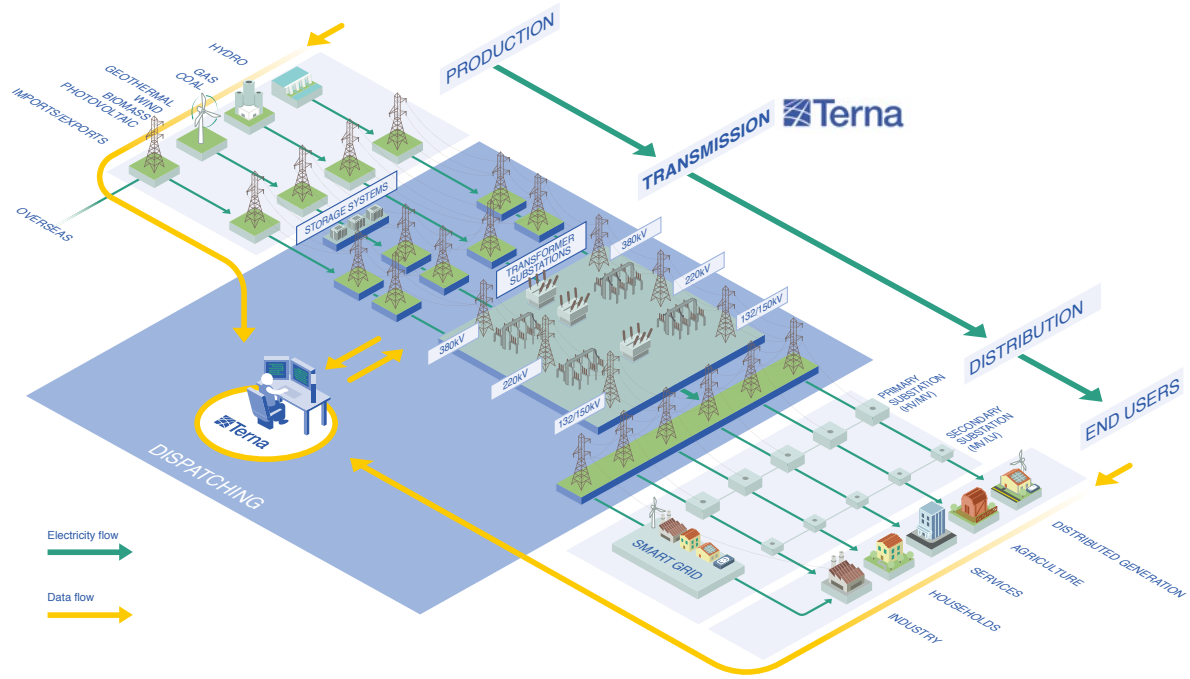
- **Transmission:** Terna is Italy's Transmission System Operator (TSO). It manages NTG planning, development and maintenance activities.
- **Dispatching:** as System Operator, Terna ensures all the activities necessary to maintain the balance between electricity demand and supply in Italy, 365 days a year, 24 hours a day.

Terna has also developed and carries out a series of **Non-Regulated Activities**, always geared towards supporting the energy transition in line with its core business, making the Group's expertise and experience in the energy sector available to businesses and commercial and industrial customers. In this capacity, it offers a wide range of **high value-added technological and innovative solutions**.

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Regulated Activities: electricity transmission and dispatching

Within the electricity system value chain (generation, transmission, distribution and sale of electricity), Terna occupies the central segment through its transmission and dispatching activities.



As a **Transmission System Operator (TSO)**, Terna not only has to design a grid capable of dealing with 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** (System Operator). Terna has the key and delicate role of guaranteeing this balance through a high-technology system, using a specific market, in which it makes daily purchases of the services necessary to constantly ensure the continuity and security of electricity supply.

In addition to strengthening the domestic grid, Terna is required to develop **interconnection capacity with other countries' electricity systems**. Indeed, Italy is electrically connected with France, Switzerland, Austria, Slovenia, Montenegro, Greece, and Malta via 30 interconnecting lines.

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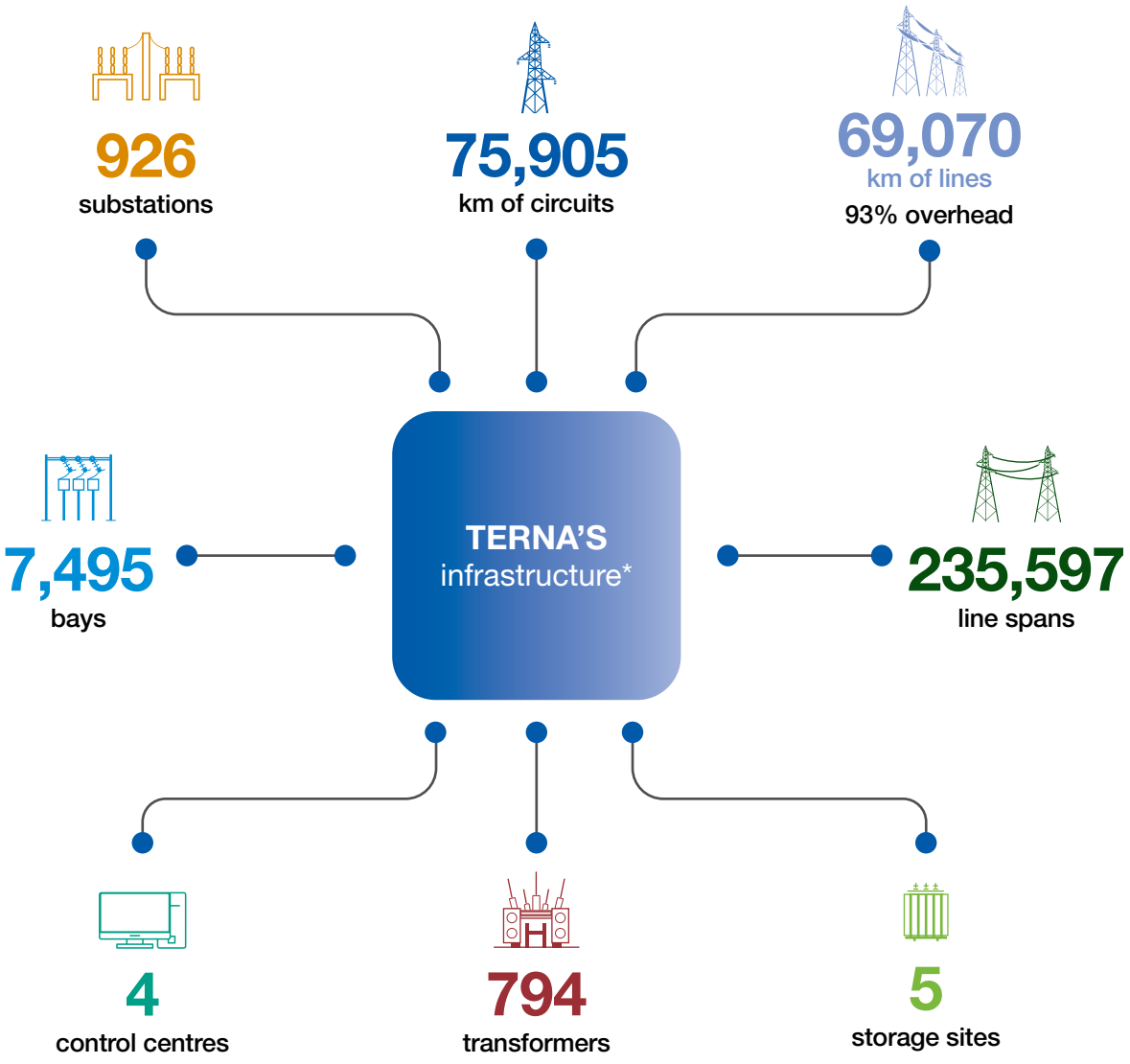
National Transmission Grid

Terna **operates Italy's** high and very-high-voltage **National Transmission Grid (NTG)**, **one of the most modern and technologically advanced in Europe**.

This operational process is divided into three areas:

- the planning of development measures for the National electricity Grid;
- the construction of works;
- the maintenance of electricity infrastructure.

The **sustainability approach** developed by Terna takes the form of transparent management of the Group's social and relational capital, involving all stakeholders affected by development measures, with a view to fostering ever greater awareness of the importance of the construction and management of electricity infrastructure.



** Data updated at 31 December 2025.*

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Integration of renewable sources into the National electricity Grid

The management of high-voltage connection requests submitted by developers of renewable energy projects enables Terna to maintain an overall view of the current situation and future scenarios. As the TSO, Terna is able to **monitor the** system's **ability and adequacy** to meet electricity demand while ensuring compliance with security and quality of service requirements.

Terna has an obligation to connect all potential users requesting connection to the grid, identifying connection solutions in terms of criteria that guarantee the continuity and secure operation of the grid to which an applicant's new plant will be connected. Terna is responsible for high and very high voltage connections to the NTG of plants with a capacity of 10 MW or more.

As at **31 December 2025**, Terna had received applications for connection to the National Transmission Grid (NTG) for **329 GW of new renewable capacity**, of which 146.2 GW related to solar and 180.2 GW to wind power (onshore and offshore). These can be monitored and consulted through the **Econnextion**[7] digital platform, launched by Terna in 2023 in collaboration with the Ministry of the Environment and Energy Security, which centralises information on high-voltage connection applications for renewable energy plants, storage systems and end users in Italy.

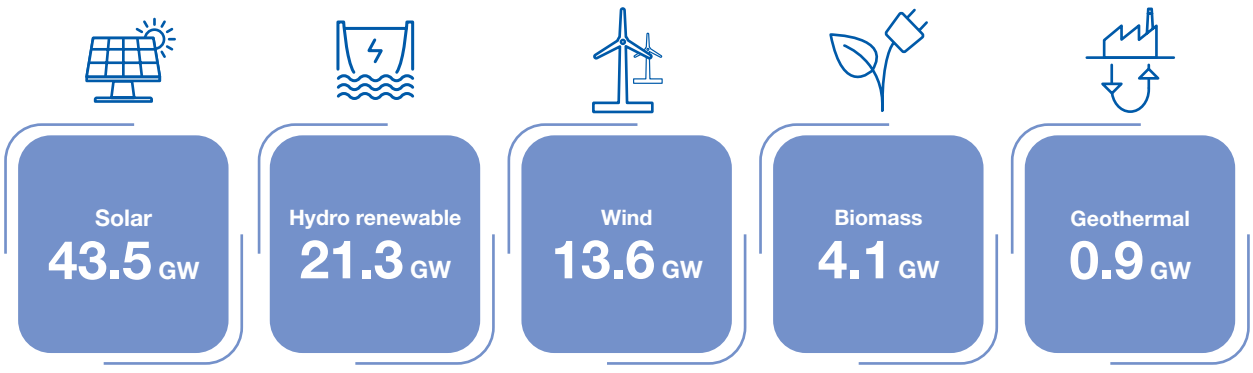
At 31 December 2025, Terna was handling around 7,800 applications for connection to the NTG in relation to future or existing initiatives. As regards Renewable Energy Source (RES) plants, there were over 5,900 connection applications to the NTG with a General Minimum Technical Solution (STMG), of which 5,268 had an accepted solution, corresponding to approximately 290 GW.

The data show that:

- the South and the Islands cover numerically 77% of the renewable source applications, for an equivalent power of more than 79% of the total;
- a sharp increase was registered in applications for the connection of new distribution plants and for upgrades to existing plants by local distributors, with the aim of harnessing production from renewable sources;
- **83 connection contracts** were signed in 2025 (representing total capacity of **approximately 3 GW**), relating to the construction of new RES plants.

Considering all renewable sources, according to Terna's data, the increase in capacity in Italy as at 31 December 2025 amounted to approximately 7.2 GW.

As at 31 December 2025, Italy had over 83 GW of installed capacity from renewable sources, broken down by source as follows:

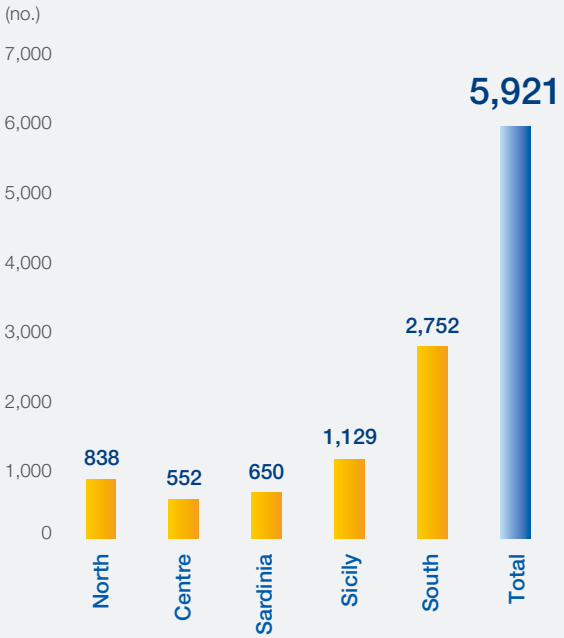


[7] https://dati.terna.it/en/econnextion#renewable-sources.

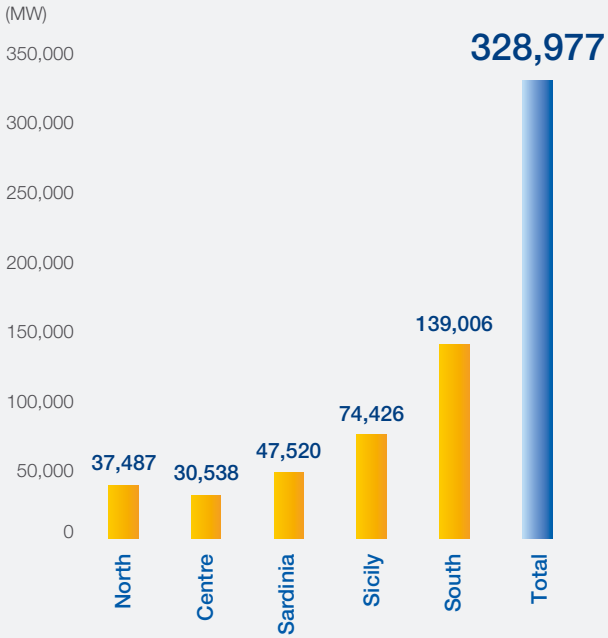
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Connections

Number of applications[8]



Capacity

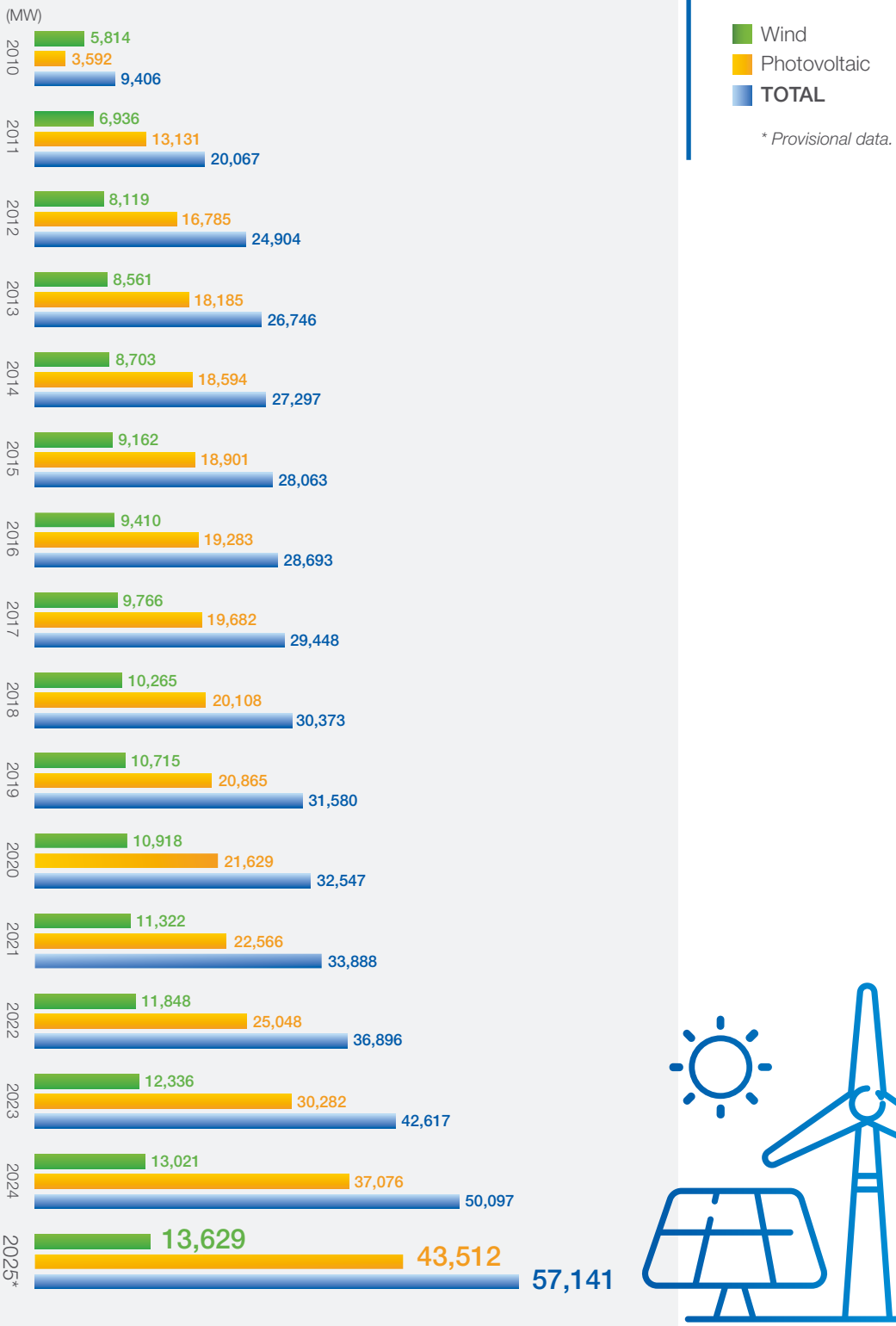


Data at 31 December 2025.

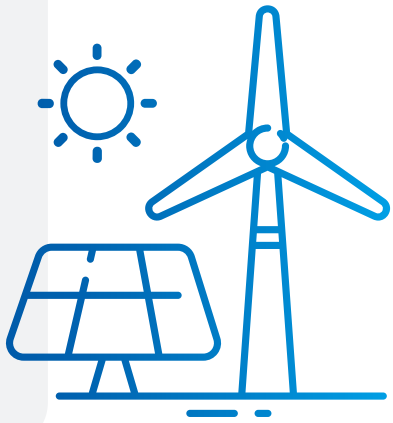
[8] The different areas of the country include the following regions:
North: Valle d'Aosta, Piedmont, Liguria, Lombardy, Veneto, Trentino-Alto Adige, Friuli-Venezia Giulia, Emilia-Romagna, Tuscany.
Centre: Marche, Umbria, Lazio, Abruzzo, Molise.
South: Campania, Puglia, Basilicata, Calabria.

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Installed photovoltaic and wind capacity 2010-2025



** Provisional data.*



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FOCUS

TE.R.R.A., the digital portal for the efficient planning of the country's energy infrastructure

Pursuant to Law 11/2024 (formerly the Energy Decree), which entrusted Terna with the task of creating a new digital portal, the Group developed the TE.R.R.A. platform, available to national and local administrators, legislators and project proponents[9]. This portal makes it possible to enable and promote the efficient territorial planning of the country's energy infrastructure and to consult strategic, relevant information, organised into Territory, Grids, Renewables and Storage.

It is a cutting-edge institutional communication tool, designed to facilitate the full transparency of data and information, to encourage action for the rationalisation and optimisation of electrical infrastructure planning and to support the stakeholders involved through regular monitoring and progress reports from Terna on the grid and the electricity system.

The platform contains a huge wealth of information on the status of connection requests (around 9,000 renewable energy plants, storage systems and consumer users with a connection solution accepted by the proposers), and on the geographical location of approximately 50,000 VHV/HV and MV plants in operation.

It is also possible to navigate multilayer maps to observe necessary development work, planned development work and existing power lines, the registry of plants already in operation and the progress of new connection initiatives.



[9] Project proponents are developers and operators that submit connection initiatives to the National Transmission Grid. These include, in particular, developers of electricity generation plants, mainly from renewable sources; developers of storage systems; and end users requesting connection to the transmission grid.

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Dispatching of electricity

Except in specific and limited circumstances, electricity cannot be stored. Therefore, it is necessary to produce, moment by moment, the amount of energy required by all consumers (households and companies) and to manage its transmission so that supply and demand are always balanced, thus guaranteeing the continuity and security of the electricity supply.

Terna manages these energy flows through the grid via dispatching activity, which comprise:

- the scheduling of network unavailability[10] and generation plants over different time horizons;
- the forecasting of national electricity demand;
- the consistency check between this demand and the generation schedule, as determined by the outcome of the liberalised electricity market (Electricity Market and over-the-Counter contracts);
- the procurement of dispatching resources;
- the verification of power flows on all grid lines.

This area of operation also includes management of the **Dispatching Services Market (MSD)**, through which the resources for dispatching services are procured.

In fact, real-time control of the National Electricity System is ensured by the **National Control Centre**, the nerve centre of the Italian National Electricity System, which was renovated in 2024, more than 60 years after its establishment (1963). The National Control Centre:

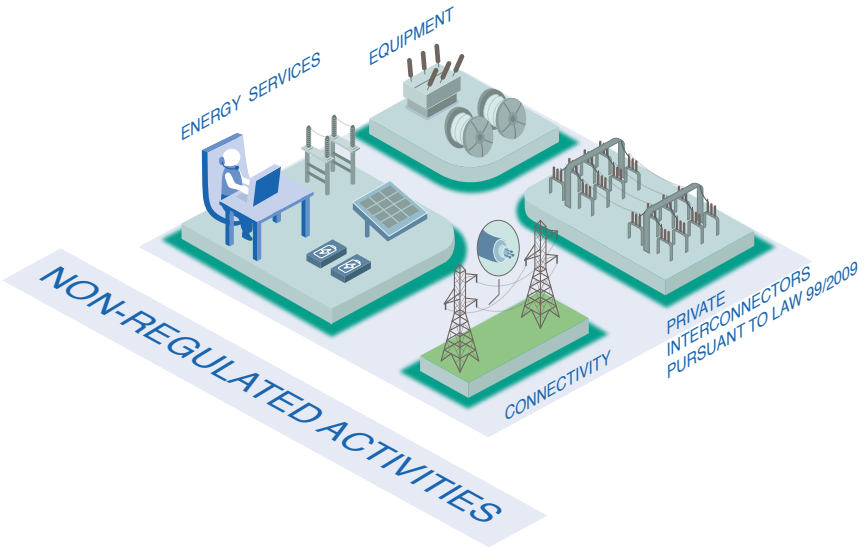
- coordinates the other control centres around the country;
- monitors the electricity system;
- dispatches electricity, intervening through instructions to producers and remote Management Centres, in order to modify supply and capacity on the grid;
- to avoid the risk of prolonged power outages, it may also intervene in an emergency to reduce demand.

Real-time control of the National Electricity System is ensured by the **National Control Centre**, the nerve centre of the Italian National Electricity System, which was renovated in 2024.

[10] Network unavailability refers to the periods during which one or more elements of the electricity grid (e.g. lines, substations, etc.) are not usable, either wholly or partially, for operation of the system.

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Non-Regulated Activities: solutions for the energy market



The Terna Group's **Non-Regulated Activities** are developed in close alignment with its core business. They consist of solutions and services designed to enable the energy transition, through which the Group makes its expertise in the design, engineering, operation and maintenance of plants available to industrial and commercial customers through complex, innovative and digital solutions in the energy sector.



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These activities are structured into four macro-business areas, the first three of which fall within the scope of Terna Energy Solutions S.r.l.:

Equipment

Production of essential components for grid development, such as:

- **transformers**, drawing on the **Tamini Group's** century-long experience;
- **terrestrial cables**, through the control of the **Brugg Cables Group**, a centre of excellence in this field.

These activities enable Terna to meet the growing needs of the electricity system while also strengthening the supply chain.

Connectivity

Connectivity offer for telecommunications operators, providing 46,000 km of high-voltage lines equipped with high-performance optical fibre: the most extensive and widespread among Italian connectivity networks.

The fibre-optic connectivity services that Terna Energy Solutions S.r.l. offers through **IRU (Indefeasible Right of Use)**, contracts are complemented by maintenance, **housing and hosting** services, with equipped space for the installation and accommodation of telecommunications equipment.

It is a model that combines physical infrastructure, security and operational management, ensuring reliability and low latency for operators and data centres.

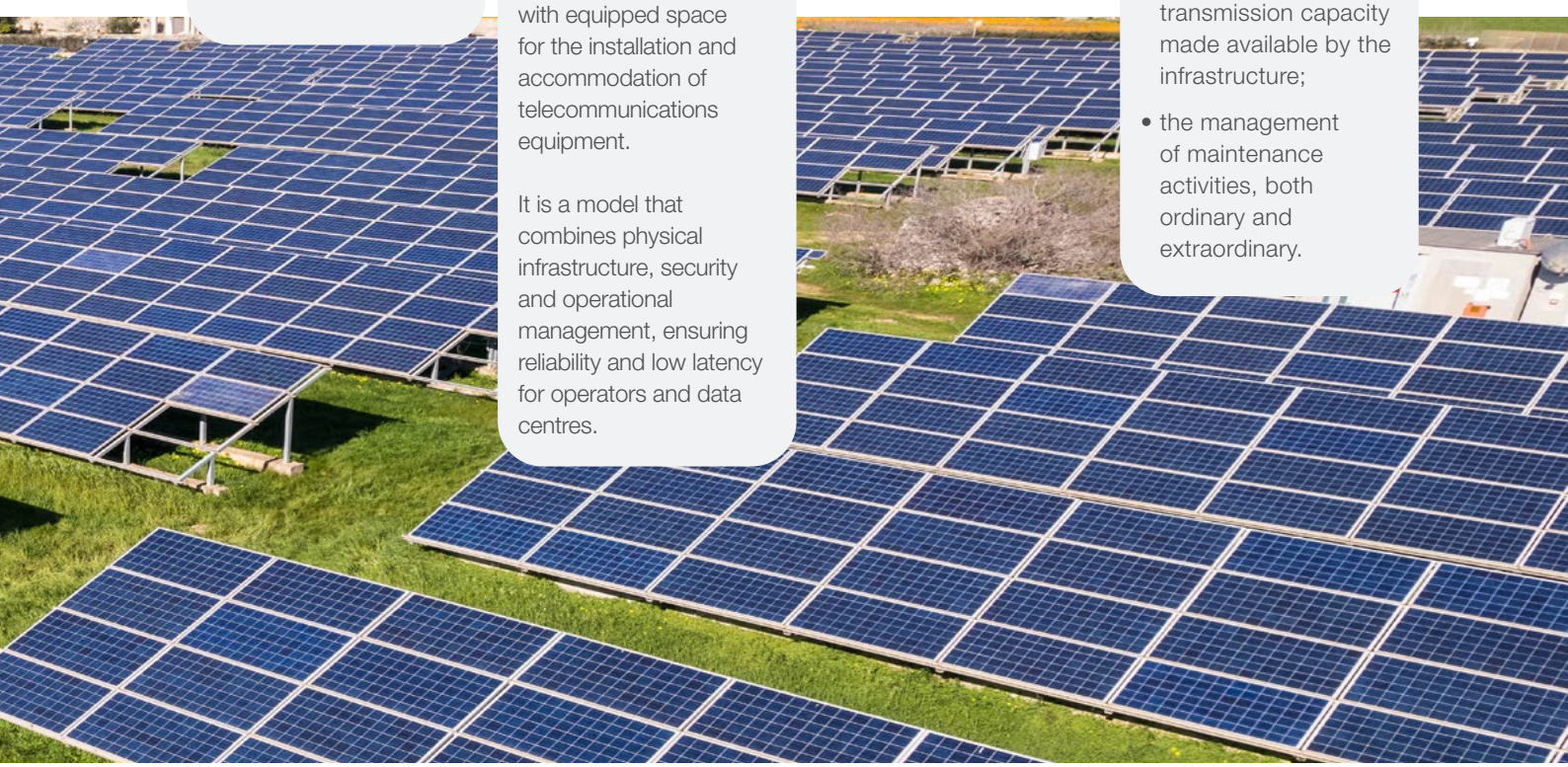
Energy Services

Construction, commissioning, revamping/repowering and maintenance of photovoltaic plants, high-voltage substations and storage systems, which, as from 1 April 2025, has been fully transferred to the **Altenia Group**.

Private interconnectors

Construction of interconnection power lines with foreign countries as provided for by Law 99/2009, which entrusted Terna with:

- the task of selecting the companies, namely private entities, willing to finance the work;
- the mandate for the construction and operation of interconnections, in exchange for the granting of a specific exemption from third-party access to the transmission capacity made available by the infrastructure;
- the management of maintenance activities, both ordinary and extraordinary.



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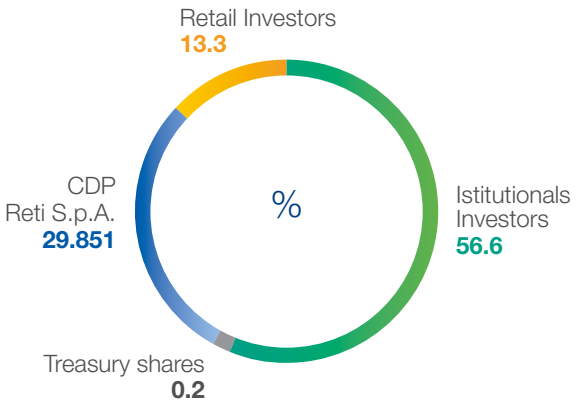
Ownership structure

At the date of preparation of this report, **Terna's share capital amounted to €442,198,240**, comprising 2,009,992,000 fully paid-up ordinary shares with a par value of €0.22 each.

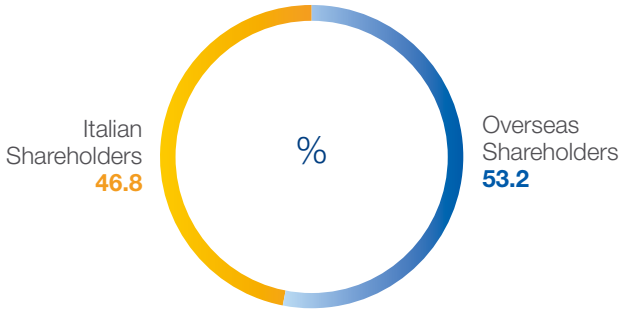
Based on periodic surveys carried out by the Company, it is estimated that 46.8% of Terna's shares are held by Italian shareholders, with the remaining 53.2% held by overseas institutional investors, primarily from Europe (not UK) and the USA.

Based on information from the shareholder register and other data collected in December 2025, Terna's shareholder structure breaks down as follows.

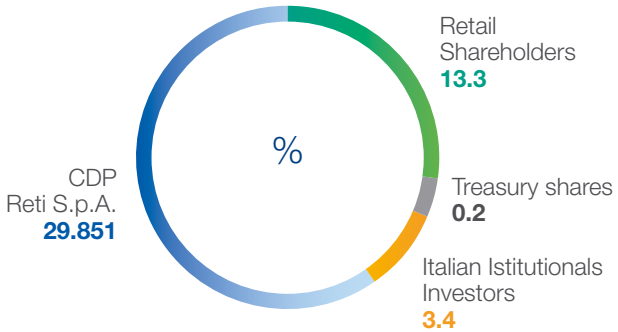
Shareholders by category



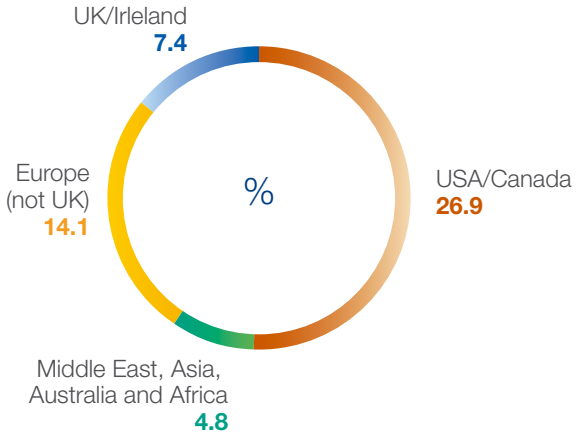
Shareholders by geographical area and category



Italian shareholders by geographical area and category



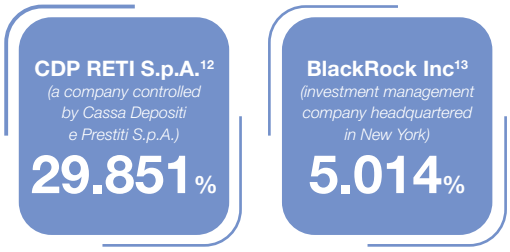
Overseas shareholders by geographical area and category



The Parent Company's buyback of **1,060,499 treasury shares** (equal to 0.053% of the share capital) was completed in September 2025 at a cost of €8,999,998.33. The shares will be used to service the new 2025-2029 Performance Share Plan. At 31 December 2025, the Parent Company held a total of 4,294,627 treasury shares (equal to 0.214% of share capital).

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Major shareholders[11]



SRI investors
At the beginning of 2025, 176 Socially Responsible Investors (SRIs) had invested in Terna's shares using an approach that takes into account ESG (Environmental, Social, Governance) aspects. Overall, at the start of 2025, SRI investors represented 24.9% of Terna's free float and 31.1% of the capital held by identified institutional investors.

Terna has adopted a policy that provides for the payment of dividends twice a year.

The interim dividend for 2025 amounted to 11.92 eurocents (payable from 26 November 2025), whilst the Board of Directors will propose payment of a final dividend of 27.70 eurocents at the Annual General Meeting to be held on 12 May 2026. Further information on the dividend history is available on the website at www.terna.it.

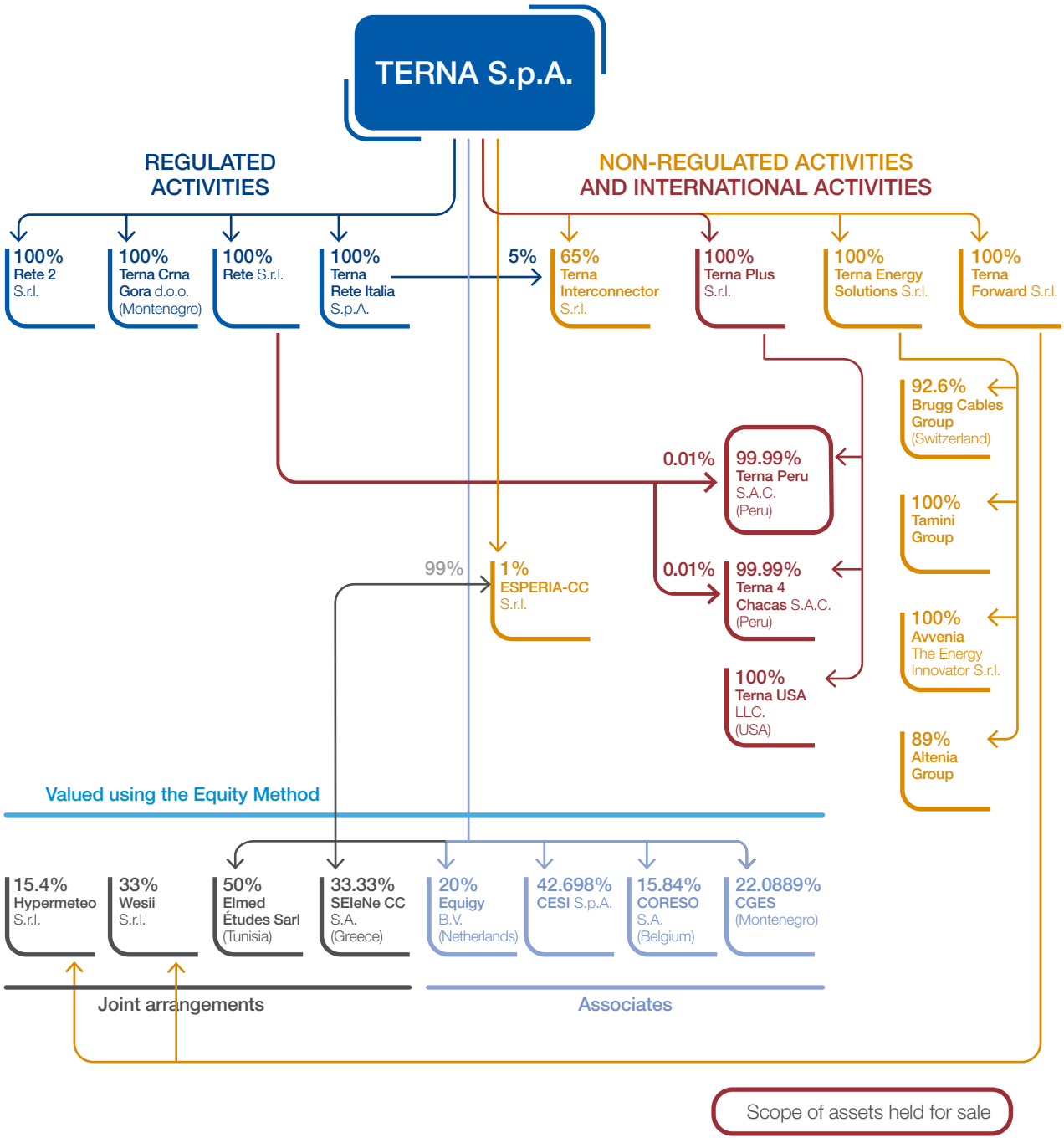
Information on the ownership structure, restrictions on the transfer of shares, securities that grant special rights, and restrictions on voting rights, as well as on shareholders' agreements, is provided in the "Report on Corporate Governance and Ownership Structures" for 2025. This is published together with the 2025 Annual Report of Terna and the Terna Group and is available in the "System of Corporate Governance – Governance Report" section of Terna's website.

[11] Shareholders who, based on the available information and notifications received from the CONSOB, own interests in Terna S.p.A. that are above the notifiable threshold established by CONSOB Resolution no. 11971/99 and Legislative Decree no. 58/98, as amended.
[12] On 27 November 2014 a shareholders' agreement was entered into between Cassa Depositi e Prestiti S.p.A. (CDP), on the one hand, and State Grid Europe Limited (SGEL) and State Grid International Development Limited (SGID), on the other, in relation to CDP Reti S.p.A., SNAM S.p.A. and Terna S.p.A.. This was later amended and supplemented to extend the scope of the agreement to include Italgas S.p.A..
[13] Major shareholder since July 2025, as per Consob notice dated 10 July 2025.

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Structure of the Group

In line with the role and the objectives of enabler of the current energy and digital transition, below is the structure of the Group as of 31 December 2025.



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Compared to 31 December 2024, the following developments are noted:

- on **4 March 2025**, LT S.r.l. changed its company name to Altenia S.r.l., which, from **1 April 2025**, following the contribution of a business unit, also took over management of the Energy Services business, previously carried out by Terna Energy Solutions S.r.l.. As a result of this transaction, Terna Energy Solutions S.r.l.'s equity interest in Altenia S.r.l. increased from 87.5% to 89% in April;
- on **29 May 2025**, the subsidiary Altenia S.r.l. completed the acquisition of 100% of the share capital of the Italian company "STE Energy S.r.l.", which operates in the design, construction and maintenance of renewable energy plants and electrical infrastructure;
- on **30 May 2025**, the subsidiary Terna USA LLC completed the sale of its entire 40% interest in the US-based joint arrangement BMT Energy Transmission Development LLC to Meridiam Transmission Development LLC, a Delaware limited liability company;
- on **27 August** 2025, the liquidation of Terna Chile S.p.A. which formally began on 17 December 2024, was completed;
- on **30 September 2025**, Terna S.p.A. completed the acquisition of 100% of Rete 2 S.r.l. from Areti, owner of a portion of Acea Group's high-voltage infrastructure located in the Rome metropolitan area. The transaction covers 73 high-voltage transmission lines totalling 481 km (both overhead and underground), the fibre-optic network installed along the high-voltage lines and the high-voltage components of three primary substations. Design, construction, management, development, operation and maintenance of high-voltage power lines are Rete 2 S.r.l.'s mission. This transaction is in line with the objectives of the Group's 2024-2028 Industrial Plan update and will create value and efficiency for the entire electricity system, enabling Terna more efficient operational management of its network;
- on **20 October 2025**, the subsidiary Terna USA LLC completed the sale of its entire stake, equal to 0.01% of the share capital, in Terna 4 Chacas S.A.C. and Terna Perú S.A.C. to Rete S.r.l.;
- on **18 December 2025**, the subsidiary Terna Forward S.r.l. completed the acquisition of a 15.4% stake in the share capital of the Italian company "Hypermeteo S.r.l.", an innovative start-up operating in the meteorological and climate services market through the development of high-resolution meteorological and climate datasets, thereby consolidating its presence in Corporate Venture Capital and strengthening its portfolio of investments in technological innovation in support of the energy transition.

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Group milestones

1962-2005

DEVELOPMENT OF THE ITALIAN ELECTRICITY SYSTEM

On 6 December 1962, Law 1943 paves the way for nationalisation of the electricity industry, handing ENEL (Ente Nazionale Energia Elettrica) responsibility for all the stages of the electricity supply chain, previously in private hands, in order to **facilitate the country's electrification**.

In the second half of the 1990s, the European Union embarks on a process of deregulation aimed at making grid management independent. In Italy, this leads to the issue of Legislative Decree 79/1999 (the so-called "Bersani Decree"), marking a starting point for the **reform of the Italian electricity market** with the separation of ownership of the National Transmission Grid (NTG) from management of the grid itself (transmission and dispatching) along the lines of the Independent System Operator model.

Terna was founded in 1999. ENEL established two distinct companies: Terna S.p.A., assigned ownership of over 90% of the NTG, and GRTN (Gestore della Rete di Trasmissione Nazionale).

The Cabinet Office Decree of 11 May 2004, in application of Law 290/2003, establishes the Electricity Exchange and **brings back ownership and management of the transmission grid** under the control of one entity. This process is completed in 2005, with the transfer to Terna of the GRTN business unit relating to transmission and dispatching and the award of the concession to carry out these activities throughout the country by the Ministry of Productive Activities: **Terna thus becomes Italy's Transmission System Operator (TSO)**.

On 23 June 2004, Terna's share capital is floated on the Italian Stock Exchange and, in September 2005, Cassa Depositi e Prestiti acquires a 29.99% stake, thereby becoming the relative majority shareholder.

2006-2016

DEVELOPMENT OF THE NTG AND NEW BUSINESS OPPORTUNITIES

Having taken on the dual role of TSO and SO, System Operator, Terna's mission evolved and the Company became a strategic infrastructure operator serving the country.

During these years, the Company progressively expanded the NTG: **in 2009, it became the first independent operator in Europe**, and the seventh worldwide. In 2015, Terna acquires the Ferrovie dello Stato group's high-voltage grid, consolidating its leadership in Europe with approximately 72,600 km of grid managed.

At the same time, **Terna plans and delivers major new 380kV connections to bring the transmission grid into line with the country's energy needs**: the Chignolo Po-Maleo (Lombardy) and the SA.PE.I submarine connection (from Sardinia to the Italian mainland) enter service in 2011, whilst the Trino-Lacchiarella (Lombardy) and Villanova-Gissi (Abruzzo) lines and the submarine connection linking Sorgente and Rizziconi (Calabria-Sicily) enter service in 2014 and 2016, respectively.

In keeping with changes in the operating environment, the Group is restructured with the **establishment of two new operating companies in 2012: Terna Rete Italia S.p.A.** for Regulated Activities, and **Terna Plus S.r.l.** to drive the growth of services in the Non-Regulated sector. In 2014, Tamini Trasformatori S.r.l. joined the Terna Group.

2017-2022

ENERGY TRANSITION ENABLER

Work begins on major electricity infrastructure projects, such as SA.CO.I.3 (connecting Sardinia, Corsica and the Italian mainland) and the Italy-Austria interconnector. The Italy-Montenegro interconnection is completed, the first electricity bridge between Italy and the Balkans. In 2022, the green light is given to the east link (Campania to Sicily) of the undersea power line dubbed the Tyrrhenian Link. In 2021 Terna reached **99.9%** ownership of the NTG through the acquisition of portions of the grid from other operators.

In 2018 Terna launched new financial instruments, successfully placing the first green bond of all Italian utilities for a total amount of €750 million, and in 2022 it issued the **first hybrid Green Bond for €1 billion**.

The **Italy-Montenegro interconnection was completed**, a 445 km work, the longest ever carried out by Terna.

On the corporate front, **within the Non-Regulated Activities**, the subsidiary **Terna Energy Solutions S.r.l. acquired Brugg Kabel AG** and a **75%** interest in **LT S.r.l. Terna Forward S.r.l.** is finally **established** with the aim of identifying the best technology opportunities and transferring them to other Group companies.

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2023-2026

SERVING THE COUNTRY FOR THE ENERGY SYSTEM OF THE FUTURE

Terna's **2025 Development Plan for the NTG, with over €23 billion of investment** over the 2025-2034 period, focuses on grid efficiency and resilience, sustainability, integration of renewables, security and quality of service. The **2024-2028 Industrial Plan**, presented in 2024 and **updated the following year, provides for €17.7 billion of investment** in support of the twin energy and digital transition. Terna is consolidating its commitment to serving the country in decarbonisation and energy independence.

Since 2023, projects worth over €2 billion have entered into operation, including around €800 million in 2025, among them the following strategic infrastructures/interconnections: Italy-France, Italy-Austria and the Elba-Mainland interconnection.

More than 80 projects worth over €6 billion authorised, including 38 new projects in 2025 for almost €1 billion of investment, among them **projects of national and European significance, especially submarine ones**: the west link (Sicily-Sardinia) of the Tyrrhenian Link, for which the laying of the first submarine cable has been completed, reaching a record depth of 2,150 m; SA.CO.I.3 (Sardinia-Corsica-Tuscany); the Adriatic Link (Marche-Abruzzo); Elmed (Italy-Tunisia); and the Bolano-Annunziata power line.

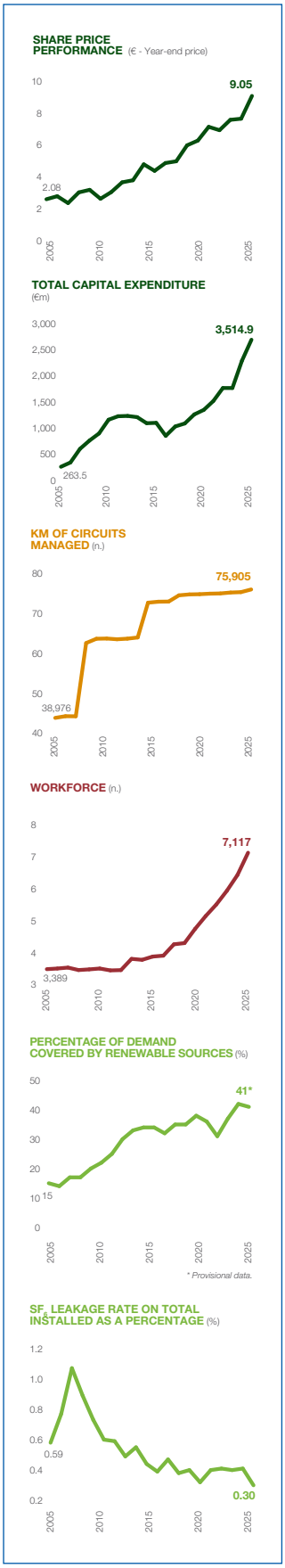
In 2023, 100% of Edyna Transmission was acquired, comprising around 70 km of circuits in Alto Adige, and in 2025, 100% of Rete 2 S.r.l., owner of part of the high-voltage grid in the Rome metropolitan area, comprising around 481 km of circuits.

On 23 June 2024, Terna celebrated 20 years since its listing, with its share price having quadrupled and its market capitalisation among the highest in the FTSE MIB; in 2025, it marked 20 years as an independent company. In 2025, the first €750 million European Green Bond was successfully issued and, in January 2026, an €850 million perpetual hybrid European Green Bond, with the lowest subordination premium ever.

First MACSE auction concluded: 10 GWh of storage capacity allocated and supply more than four times demand. New structure of Terna Energy Solutions S.r.l. for Non-Regulated Activities: Altenia was established alongside the Tamini and Brugg Cables Groups.

Terna's Chief Executive Officer and General Manager, **Giuseppina Di Foggia**, assumed the position of **Vice President of GO15**, the world association of Very Large Power Grid Operators, from June to December 2023, and that of **Honorary President of the Fondazione Terna**, which has commenced its activities.

Scan the QR code to learn more on Terna.it



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2



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The value creation strategy

The 2030 goals and Terna's contribution 46

Reference scenarios 53

The strategy 66

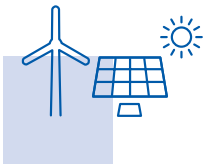
The value creation process 82

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The 2030 goals and Terna's contribution

A sustainable and digital grid to address the challenges of the transition

The development policies of the national energy system are guided by the **National Integrated Energy and Climate Plan (NECP)** of July 2024, whose **2030 targets** outline a profound transformation of the national electricity system, based on the large-scale integration of renewable sources, the electrification of consumption and the strengthening of system security and resilience. In this context, **Terna's strategy** is aimed at ensuring grid adequacy and reliability through infrastructure planning consistent with the NECP scenarios, enabling the energy transition and the security of the national system.



Electricity System Targets by 2030	Data (2030 target vs 2025*)
Electrical renewables (NECP)	**107 GW of solar and wind RES** (79.2 GW PV; 28.1 GW wind) by 2030 **vs 57 GW** in 2025 (43.5 PV + 13.6 wind) (**+47%**)
RES share of demand (NECP)	**63%** in 2030 **vs 41%** in 2025 (**+22%**)
Electrification of consumption (NECP)	**Demand** in 2030 **362 TWh** (of which 10 TWh for hydrogen production) **vs 311 TWh** in 2025 (**+14%**)
Electrochemical storage systems (**Terna estimate of required capacity,** reported in the **2025 Development Plan/2024 Security Plan and aligned with the NECP policy scenario**)	**71.5 GWh** in 2030 **vs 17.9 GWh** in 2025 (**delta 75%**) **21 GWh** contracted by 2025, of which **10 GWh** through the **2028 MACSE** auction and **11 GWh** through **Capacity Market** auctions (from 2023 to 2027)

** Provisional data.*

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Terna contributes to the achievement of national targets through two **areas of direct intervention**: the development of the National Transmission Grid and market design.

Terna's 2025 Development Plan plays a central role in achieving the energy transition targets of the national electricity system, through **investments of more than €23 billion by 2034** in strategic infrastructure capable of substantially transforming the transmission capacity and reliability of the national electricity grid.
Below are the **main figures of the Plan** and the **expected benefits**.

INVESTMENT PLAN
over
€23 billion
in the decade 2025-2034
and more than €40 billion
considering the lifetime value of the projects
(+10% vs 23 DP)

GREATER RES INTEGRATION
at least
+65 GW
by 2030
+94 GW by 2035[1]
(In line with NECP and SDD 24)

REDUCTION OF CO_2 EMISSIONS
up to around
2,000 kt/year
by **2030**

and almost
12,100 kt/year
by **2040**
(+2.5% vs 23 DP)

INCREASED TRANSPORT CAPACITY
from the current **16 GW**
to about
39 GW
(+22% vs 23 DP)

INCREASE IN TRANSPORT CAPACITY WITH FOREIGN COUNTRIES
by about **40%**
compared to current values[2]

LOSSES AVOIDED
of around
0.4 - 1 TWh/year

[1] *Of which +43 GW to be connected on the HV grid.*
[2] *Considering all the works included in the Development Plan even beyond the 10-year horizon.*

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In line and in coordination with the Development Plan, the Plan for the Improvement of Defence Systems for the Security of the National Electricity System (the so-called Security Plan), drawn up annually by Terna and approved by the Ministry of the Environment and Energy Security, is the four-year programme that sets out the initiatives designed to ensure the security of the electricity system by preventing and/or reducing the consequences of grid disruptions. The **2025 Security Plan** strengthens its investment programme by providing €2.3 billion by 2028.

27
SYNCHRONOUS COMPENSATORS
17 machines already in operation

5
STATCOM
all already in operation

25
REACTORS
16 already in operation

25
STABILISING RESISTORS
1 already in operation

The Development Plan and the Security Plan are **distinct but strongly interconnected plans**, which contribute in a complementary way to the achievement of the national electricity system's security, adequacy and resilience objectives.

Alongside the infrastructural development of the grid, Terna also contributes to the transformation of the electricity system through the evolution of **market design**, which consists of defining a market structure that optimally integrates forward markets (RES auctions, MACSE storage auctions, capacity market) and spot markets, both for energy markets and for service markets. The objective is therefore to broaden the participation of new resources, currently not enabled, in the provision of flexibility services.

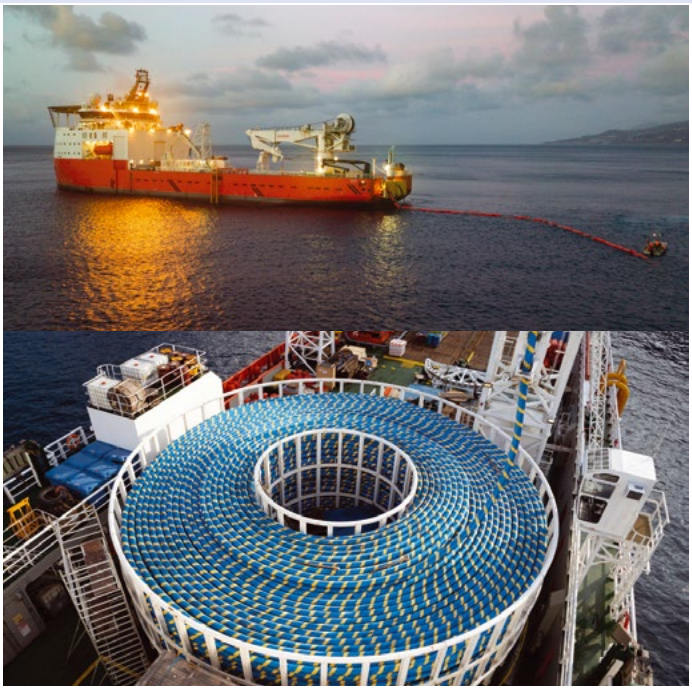
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FOCUS Major Projects 1

Sardinia – Corsica – Mainland Italy HVDC connection (SA.CO.I.3)

The new tri-terminal high-voltage direct current (HVDC) connection consists of **renovation** and **modernisation** of the existing electricity connection between Sardinia, Corsica and the Italian mainland.
It will enable the use of total transport capacity of up to **400 MW**.
The connection between Tuscany, Corsica and Sardinia will have a length of more than **380 km** per pole (including approximately 140 km of marine and terrestrial cables and approximately 240 km of overhead lines).





STATE OF PROGRESS

Authorised project, under construction.

WORK IN PROGRESS

Converter substations: preparation of work site facilities and station excavations in progress.

Submarine and land cables: construction of the land-sea landings at Santa Teresa Gallura, Salivoli and Bonifacio, and for the San Vincenzo (LI) electrode, in progress. Work has begun on the construction of the land cable duct in Tuscany.

Corsica overhead line: foundation and support structure reinforcement works, together with access track upgrading activities, in progress.

BENEFITS OF THE PROJECT

- **Reduced costs** for procurement of resources for the Dispatching Services Market (MSD);
- **Increased fitness for purpose** of the electricity system in Sardinia;
- Greater contribution to Sardinia's **reserve requirements**;
- Greater **benefits in terms of energy not supplied,** especially taking into account the scenarios envisaged for the evolution of the electricity system according to the National Integrated Energy and Climate Plan (NECP).

ENTRY INTO SERVICE

Expected for 2029.

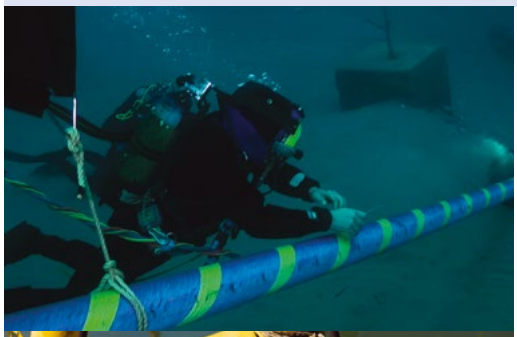
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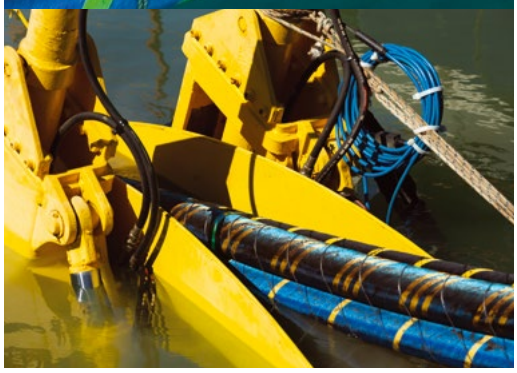
FOCUS Major Projects 2

Campania - Sicily - Sardinia HVDC connection (Tyrrhenian Link)

The new submarine interconnection is a state-of-the-art project that will connect **Campania - Sicily - Sardinia** via two submarine, **1,000 MW** direct current power lines. The project has been subdivided into an East Link (Campania - Sicily) and a West Link (Sicily - Sardinia). The connection has a **submarine section** that is approximately **970 km**, including in very deep waters, which means it is one of the new global benchmarks for this type of highly complex infrastructure.







STATE OF PROGRESS

East Link:
Cables: laying of the pole 1 submarine cable has been completed.

West Link:
Cables: : laying of the pole 1 submarine cable has been completed at the beginning of January.

The works reached a **world record for cable laying at a depth of 2,150 metres below sea level**, making the project one of the new global benchmarks for submarine infrastructure of extremely high technological complexity.

WORK IN PROGRESS

East Link:
Cables: continuation of civil works in Campania and Sicily. Marine cable laying activities for pole 2, together with land cable laying activities for poles 1 and 2, are in progress.

Converter substations: the assembly of prefabricated buildings and the construction of equipment foundations at Eboli and Termini Imerese are in progress.

West Link:
Cables: continuation of civil works in Sicily and Sardinia and land cable laying activities in Sardinia.

Converter substations: civil works are under way at both station sites, together with the removal of the last interfering 150 kV line at the Termini Imerese site.

BENEFITS OF THE PROJECT

- **Increased electricity exchange capacity** between Campania, Sicily and Sardinia;
- **Greater stability, adequacy and security for the National Electricity System**;
- **High flexibility and integration** of renewable generation across Italy.

ENTRY INTO SERVICE

Given that the infrastructure consists of two sections with a dual connection, it is due to enter service progressively and its completion is expected by 2028.

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FOCUS Major Projects 3

Centre South – Centre North HVDC connection (Adriatic Link)

The Adriatic Link is the new **1,000 MW** direct current marine connection that will connect the regions of **Marche** and **Abruzzo**. The project will strengthen energy exchange in central Italy, responding to the need for security and flexibility of the national electricity system and the goal of increasing renewable energy use. The project, which will be **approximately 250 km** long, 210 km of which will be underwater cable, is part of the NTG Development Plan and was included among the works provided for in the NECP which aims to decarbonise the energy system by 2030.



WORK IN PROGRESS

HVDC terrestrial cables (civil works): worksite activities are under way in the Marche and Abruzzo regions.

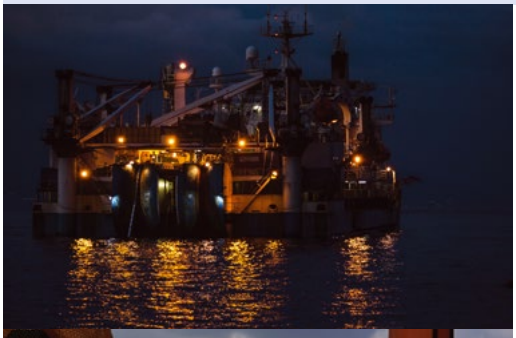
Submarine and land cables: qualification tests are under way.

Converter substations: site set-up activities are under way at both the Fano and Cepagatti sites;

Production of electromechanical equipment in progress.

BENEFITS OF THE PROJECT

- **Market efficiency and integration of renewable sources** with reduction of grid congestion between Southern and Northern Italy, providing 1,000 MW of power transmission capacity;
- **Quality, Security and Resilience**, improving the performance of the system in terms of stability in the event of failures.





ENTRY INTO SERVICE

Expected for 2029.

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FOCUS Major Projects 4

Italy – Tunisia HVDC connection (ELMED Project)

The new 500 kV HVDC direct current connection, the first between Europe and Africa, **will link Sicily with the Cap Bon peninsula in Tunisia**, enabling an exchange of up to 600 MW of power. The project will be approximately 224 km long (of which 200 km in marine cable).





STATE OF PROGRESS

The contract relating to the supply and laying of the HVDC cables was signed by Terna and STEG, the Tunisian TSO, at the end of October 2025, with the supplier Prysmian Powerlink S.r.l..

In April 2025, the replanting of over 1,700 olive trees uprooted from the site of the future converter substation in Sicily was completed in the area of the Libera Terra – Rita Atria cooperative.

In June, all archaeological investigation activities required by the Trapani superintendency for the area of the future converter substation and the joint pit were completed.

The Innovation Zone in Tunisia was inaugurated on 29 January 2025.

WORK IN PROGRESS

The tender relating to the supply and installation of the converter substations is under way.

Under the HVDC cable contract, cable type-testing activities are under way.

BENEFITS OF THE PROJECT

- Increased **stability and security** of the grid;
- Greater **efficiency of the electricity market** for the benefit of users;
- Greater **integration of renewable sources**;
- **Reduction of greenhouse gas emissions** from CO_2 and other pollutants.

ENTRY INTO SERVICE

Planned for 2028, to be confirmed following the outcome of the tenders.

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Reference scenarios

Macroeconomic environment

The current **macroeconomic environment** presents a number of uncertainties that could affect the performance of the global economy. Among the main factors are developments in the geopolitical landscape, rising trade tensions and the introduction of additional protectionist measures. These dynamics make economic policy decisions less predictable and tighten trade relations, contributing to an overall more unstable global picture.

According to the International Monetary Fund (IMF)[14], global disinflation continued in 2025, with price pressures gradually easing thanks to the normalisation of economic conditions and slower demand, although the process remains uneven across geographical areas. Globally, inflation stood at +4.1% in 2025, with a further slowdown expected over the next two years, to +3.8% in 2026 and +3.4% in 2027, respectively. At the same time, world GDP growth remained at stable levels: +3.3% in 2025, with broadly similar forecasts for 2026 (+3.3%) and 2027 (+3.2%). In the euro area, the macroeconomic picture showed signs of strengthening, with inflation returning to around +2% in 2025. Economic growth in the euro area also improved moderately: GDP in 2025 rose by 1.4% compared with the previous year. Similar growth is expected over the next two years.

In Italy, inflation increased in 2025 compared with the previous year, reaching +1.7% (versus +1.1% in 2024)[15]. This increase was mainly due to higher prices for energy goods, namely housing, water, electricity and fuels. **Italian GDP grew by 0.5% in 2025**, compared with 0.7% in 2024, and is expected to increase by 0.8% in 2026[16].

[14] International Monetary Fund, World Economic Outlook, gennaio 2026.
[15] Source: ISTAT. Annual average change in the HICP index. Provisional data, January 2026.
[16] Source: ISTAT. Prospects for the Italian economy in 2025-2026, December 2025.

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Commodity cost developments and repercussions on energy prices

Over the past year, gas prices have stabilised at around €40/MWh, a significant reduction compared with the sharp increase recorded in 2022[17], when they averaged €123/MWh and peaked at over €300/MWh in August. However, both prices and their volatility remain above pre-crisis levels (€10-15/MWh), indicating that the market equilibrium is still fragile. The gas market remains highly influenced by geopolitical tensions, fears of possible supply risks and short-term climatic dynamics (winter temperatures, "Dunkelflaute" events[18]).

Historical TTF gas price trends

(€/MWh)



Today's European gas market is characterised by an increasing volume imported via Liquefied Natural Gas (LNG) compared to quantities imported by pipeline. In this context, the low liquidity of the global LNG market entails high risks of volatility in European gas prices. In fact, small changes in the market equilibrium are sufficient to produce large impacts on prices, because LNG supply is relatively rigid and gas demand inflexible (especially for thermoelectric and heating).

In 2025, natural gas consumption in Italy, amounting to 64 billion cubic metres[19], **increased by 4.7% compared with 2024**, the year in which the lowest value of the past 15 years was recorded. Growth was driven by higher industrial consumption (+1.4%) and, above all, by that of the thermoelectric sector (+5.7%), which offset the decline in hydroelectric generation.

The price of CO_2, after peaking at almost €100 per tonne in August 2022, **averaged €74 per tonne over the course of 2025**, still above pre-crisis levels (€20-30 per tonne).

[17] TTF Gas prices (Title Transfer Facility).
[18] Period of several consecutive days of low production from wind and solar sources and high energy demand.
[19] Gestore dei Mercati Energetici (GME), Newsletter no. 199, January 2026.

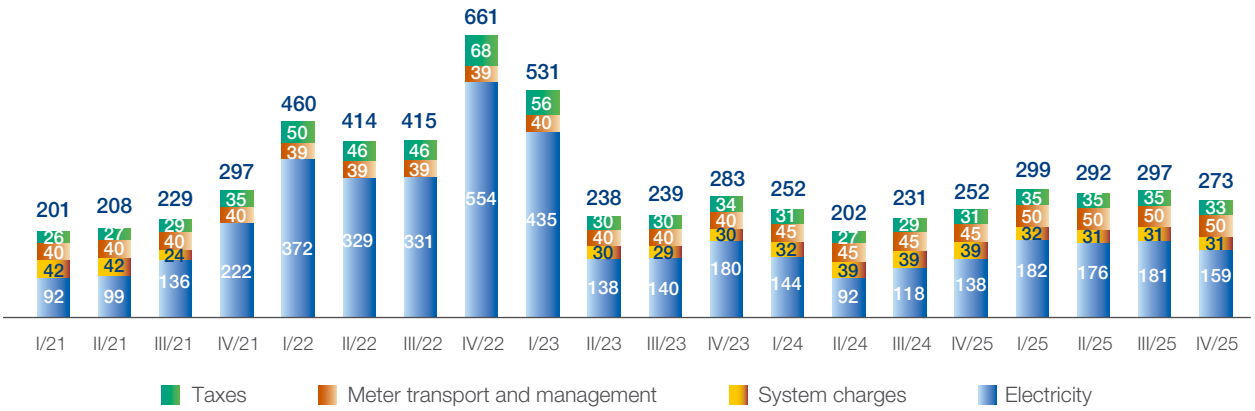
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As a consequence of high prices for CO_2 and above all gas, PUN values are also higher than in the pre-crisis period. The performance of fossil fuel prices, above all the price of gas, has a major impact on the electricity market due to the system marginal price, based on all the offer prices accepted at the system marginal price (normally determined by gas-powered plants). As a result, the PUN is also higher than pre-crisis levels. **In 2024 and 2025 the average PUN was respectively 109 €/MWh and 115 €/MWh**, down from 304 €/MWh in 2022, but still well above the 52 €/MWh recorded in 2019.

The high PUN values have increased the electricity expenditure of end customers. The energy price for the typical domestic consumer[20] in the regulated market for each quarter of 2024 and 2025 averaged €262/MWh, a value that was nevertheless lower than the peaks recorded during 2022, but more than double the 2019 levels.

Electricity price per typical consumer in the regulated market

(€/MWh)



The use of natural gas as an energy carrier exposes Italy to procurement risks of a geopolitical and economic nature, with the country highly vulnerable to commodity price movements linked to tensions on international markets. Energy price pressures could, moreover, last for several years given the factors at play, leaving Italy exposed to the risk that the resulting inflation will impact consumption. There is also an issue of energy security, given that almost all the gas consumed in Italy is imported from third countries.

[20] Account with 3 kW of committed power and 2,700 kWh of annual consumption.

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The market environment

Climate change and its impact on the electricity sector

Climate change represents an urgent, potentially irreversible challenge for society and the planet. Today, warming caused by human activities has brought the global average temperature to exceptionally high levels: 2025 was the third warmest year on record, with a global average temperature of 15.0 °C, up by 0.6 °C compared with 1991-2020 and by around 1.5 °C compared with the pre-industrial period (1850-1900). This warming has led to an increase in the frequency and intensity of extreme weather events, in terms of both temperature extremes (hot and cold) and violent and unpredictable precipitation events. This target will only be achieved through an ongoing commitment to decarbonisation. According to the International Energy Agency[21] (IEA), **the energy sector is largely responsible for the greater part of emissions** produced by human activity and its decarbonisation is thus key to mitigating the negative effects of climate change. In the most recent update of the "Net Zero Emissions by 2050" (NZE) scenario[22], it is reiterated that the decarbonisation of the global energy system is the key element in bringing temperatures back onto a path compatible with the objectives of the Paris Agreement. It also highlights that, **by 2035, the global energy mix** will have to be radically different: **energy efficiency will have to improve at an average annual rate of around 4%**, double the 2022 level, while electricity will have to meet around one third of final energy consumption, supported by renewable capacity almost quadrupled compared with today. In previous editions of the net-zero pathway, the Agency estimated that the global economy would grow by around 40% by 2030 while consuming 7% less energy.

The new 2025 projections confirm this direction of travel: energy demand will have to be contained through efficiency, electrification and the replacement of fossil fuels, while **emissions will have to fall by almost 55% by 2035 compared with 2024 levels**.

Energy efficiency and the electrification of final consumption will be the key drivers of decarbonisation. **The real enabler of this transformation is electricity as an energy carrier**, given the high level of intrinsic efficiency of final uses based on this carrier (resulting from thermodynamic laws and thus independent of any effective technological development): an electric vehicle is from 3 to 5 times more efficient than any technology based on the use of liquid or gaseous fuels, whilst a heat pump is 5-6 times more efficient than any fuel-based alternative.

The European and Italian response

At the end of 2019 the European Green Deal was published, which aims to transform the European Union into a net-zero economy by 2050 and achieve an intermediate goal of cutting greenhouse gas emissions (GHG) by at least 55% by 2030 compared with 1990 levels. A key part of the Green Deal is the European Climate Law (Regulation (EU) 2021/1119), formally adopted by the Council of the European Union on 28 June 2021 and that came into effect on 29 July 2021.

[21] IEA, World Energy Outlook 2025, November 2025.
[22] The NZE scenario represents the trajectory most consistent with the Paris Agreement, requiring the strongest reduction in emissions, the greatest investment in clean technologies and the most rapid changes across all energy sectors.

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In July 2021, the European Commission also presented a package of legislative proposals named **Fit for 55 (FF55)**, setting out how Europe intends to achieve the EU's decarbonisation targets, cutting greenhouse gas emissions by 55% by 2030 compared with 1990 levels and achieving climate neutrality by 2050.

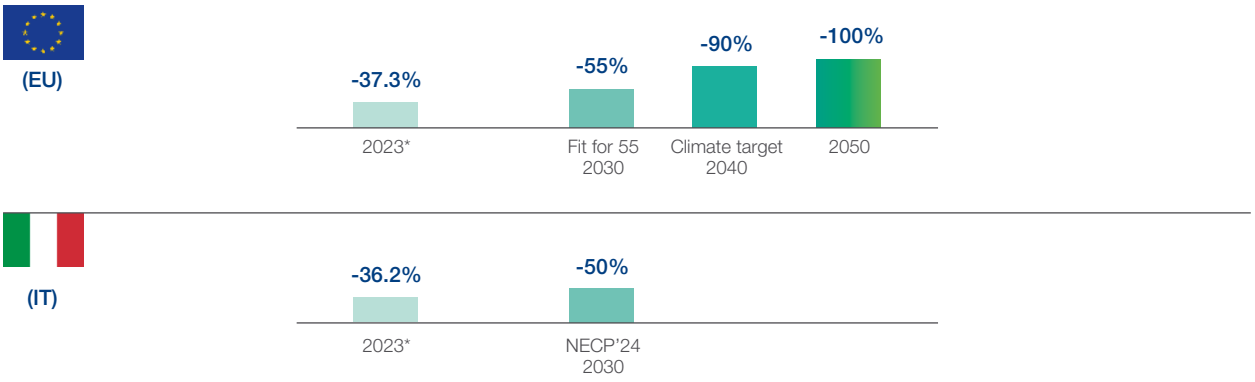
All the legislative proposals contained in the FF55 package, with the sole exception of the energy taxation directive, have now been definitively approved. Of particular relevance to the energy sector are the Renewable Energy Directive and the EU Energy Efficiency Directive, which came into force in 2023. Indeed, the first stipulates that the share of energy from renewable sources in the EU's gross final energy consumption by 2030 must be at least 42.5%, while the second requires a reduction in energy consumption of 11.7% by 2030[23].

In addition, the European Commission allocated "effort sharing" quotas between EU Member States. For Italy, the emission reduction target for the residential and transport sector (so-called non-ETS[24]) in 2030 compared to 2005 is 43.7%. For ETS sectors (mainly industry and thermoelectric power), the target remains exclusively European, leaving it up to the ETS market to decide in which country and to what extent to reduce emissions associated with these activities.

In December 2025, the Council and the European Parliament also reached a provisional agreement on the amendment of the European Climate Law, introducing **a new binding interim target for 2040 of a 90% reduction in emissions compared with 1990**, formally adopted, in the final stage of the legislative process, in March 2026.

The NECP, published in July 2024 by the Ministry of the Environment and Energy Security (MASE) and transmitted to the European Commission, reflects at national level the new objectives defined at European level.

Total CO_{2eq} emission reduction compared to 1990 levels



** Actual reduction in net total emissions (UNFCCC) of all greenhouse gases by 2023 (latest available data for the 27 European countries and Italy) vs 1990.*
Net emissions refer to total emissions net of removals (LULUCF).
Source: European Environment Agency.

[23] According to article 1 of Directive EU no. 2023/1791, Member States shall collectively ensure a reduction in energy consumption of at least 11.7% in 2030 compared to the projections of the EU 2020 reference scenario, so that the final energy consumption of the Union does not exceed 763 Mtoe.
[24] ETS: Emissions Trading System.

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Enabling factors for the energy transition

Delivery of the infrastructure necessary to achieve the energy policy goals within the set timetable inevitably requires a significant acceleration of investment in the energy sector and, even more so, in the electricity sector. This investment must, to a large extent, be directed towards the development of new renewable energy capacity, storage systems and transmission and distribution networks, to be carried out in a coordinated manner to make the system more efficient as a whole.

The effort to be made is challenging and will take time. It will require a **coordinated approach to timing and geographical location to channel the massive investment being undertaken by operators in a way that is in keeping with the related plans**. Work is currently taking place on finalising the steps needed to guarantee the development of RES and of storage capacity. As far as RES are concerned, the Ministerial Decree on Suitable Areas was signed in June 2024, which defines the distribution among regions and autonomous provinces of the national 2030 target for additional power from renewable sources and establishes criteria for identifying suitable areas. In 2025, further clarifications were incorporated into the so-called Energy Decree 2025, approved by the Council of Ministers on 20 November 2025, which strengthens the technical criteria for identifying suitable areas. In addition, the draft **RES X decree[25] envisages financing 67.15 GW of new RES capacity by 2030**, of which 57.15 GW through competitive procedures and 10 GW with direct access to the incentive for plants below 1 MW. Pending final approval, in December 2024 the European Commission approved the Transitional RES X Decree to support the construction of 17.65 GW of new renewable capacity through competitive procedures to be completed by 31 December 2025[26]. **The competitive procedures led to the award of around 10 GW of new solar and wind capacity**, namely 8.8 GW and 0.9 GW, respectively. With regard to storage, the **MACSE** (Electricity Storage Procurement Mechanism) framework, approved by the MASE by Ministerial Decree no. 346 of 10 October 2024, **will enable the system to acquire new electricity storage capacity**. The auctions held to procure this capacity will be carried out by Terna, as required by Legislative Decree no. 210/2021. **The first auction was held on 30 September 2025**, with delivery in 2028, and **10 GWh of new storage capacity was allocated**, equal to 100% of the required capacity. The auction results showed significant market interest, with supply exceeding demand by more than four times and a weighted average allocation price of €12,959/MWh-year.

The investment planned for the coming years will determine Italy's strategic position in the global economic system of the future. The commitment of Terna within the decarbonisation of the Italian system also takes the shape of efforts to promote ever **closer strategic cooperation with other players in the sector**, including through the membership of various European bodies (e.g., ENTSO-E) and partnerships with other European TSOs (e.g., the Equigy initiative, whose partners, in addition to Terna, include the TSOs TenneT, TransnetBW, Swissgrid and APG).

[25] Source: Ministry of the Environment and Energy Security.
[26] Source: Ministry of the Environment and Energy Security. https://www.mase.gov.it/portale/-/energia-pichetto-ok-commissione-europea-a-fer-x-transitorio-passo-verso-innovazione-e-sicurezza.

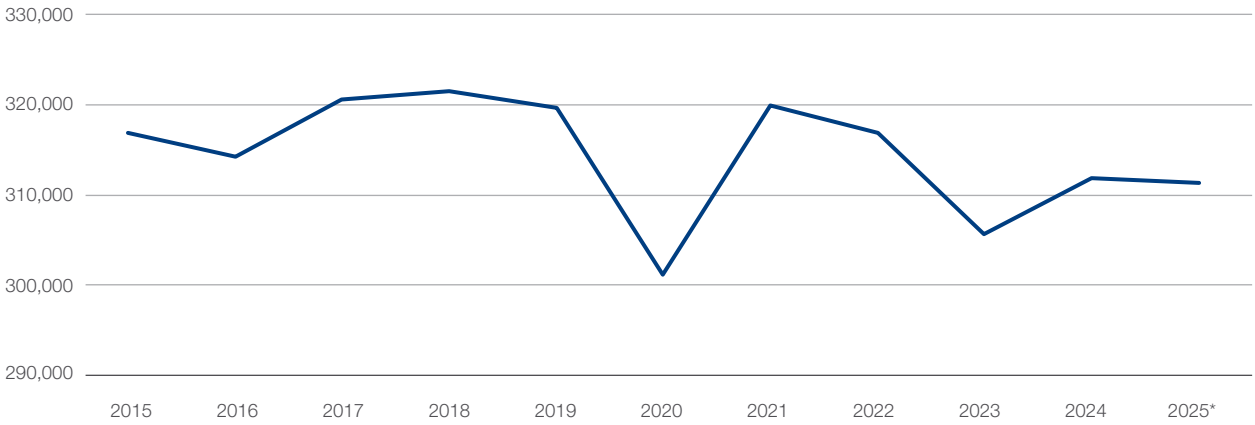
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Electricity demand and production in Italy in 2025

Terna monitors domestic demand trends and takes appropriate actions, in full implementation of EU directives.

Demand trend over the last 10 years

(GWh)



** Provisional data.*

Demand for electricity in Italy

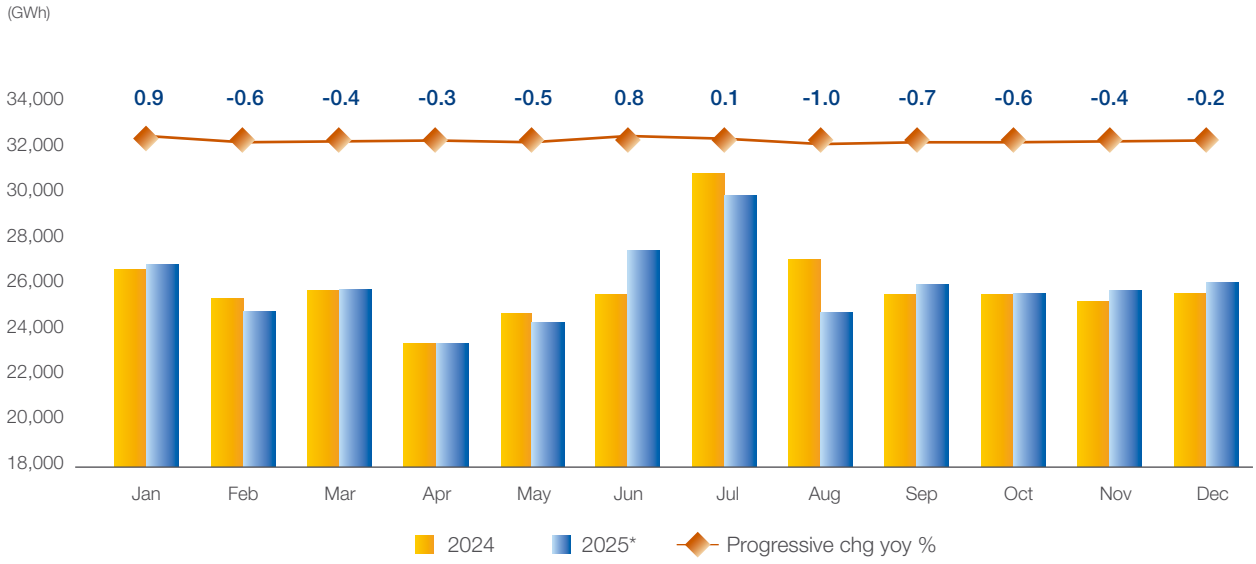
ELECTRICITY BALANCE IN ITALY (GWh)*	2025**	2024	CHANGE	% CHANGE
Net production	268,420	263,229	5,191	2.0%
From overseas suppliers (imports)	51,798	55,908	(4,110)	(7.4%)
Sold to overseas customers	(4,909)	(4,908)	(1)	-
For use in pumping***	(2,323)	(2,141)	(182)	(8.5%)
Standalone storage intake****	(1,662)	(174)	(1,488)	-
Total demand in Italy	**311,324**	**311,914**	**(590)**	**(0.2%)**

* *Does not include demand for energy for ancillary services related to electricity production.*
** *Provisional data.*
*** *Electricity used for pumping water for subsequent use in the production of electricity or as a way of immediately balancing overproduction.*
**** *Electricity absorbed by standalone storage for the purpose of being used at a later date for the production of electricity or to immediately balance excessive production.*

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In 2025, electricity demand in Italy amounted to 311,324 GWh (provisional data), **substantially in line with 2024 (down 0.2%)**, which had closed with an increase (up 2.1%) compared with 2023.

Monthly demand for electricity



** Provisional data.*



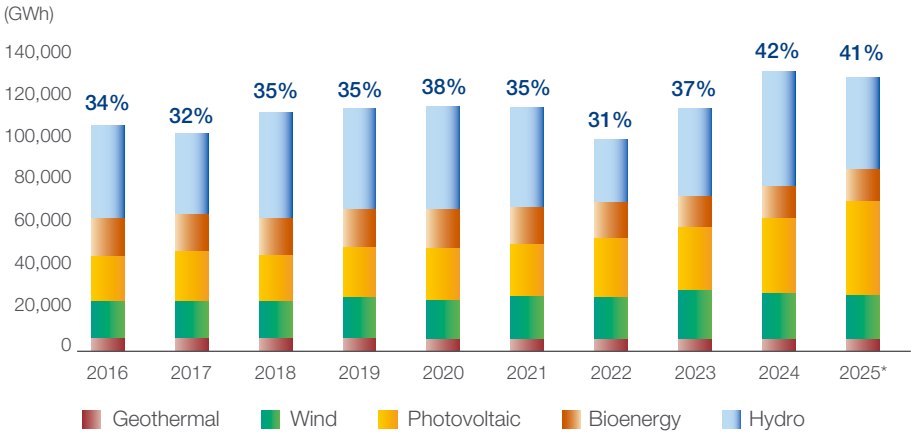
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Meeting demand and energy production

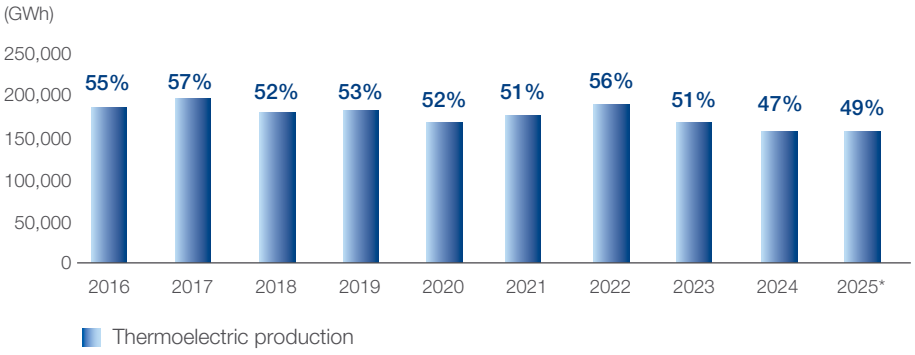
In 2025, around **41% (provisional data) of total energy demand was met by renewable sources**.
Output from renewable sources decreased by 2.3% compared with the previous year's 42%, due to the decline in hydroelectric generation (down 21.2%), which returned to historical average levels after the exceptional hydrological conditions of 2024, and in wind generation (down 3.3%). This was only partly offset by growth in photovoltaic generation (up 25.1%), which reached a new all-time record, exceeding 44 TWh, also as a result of new installed capacity (up 6.4 GW) and higher solar irradiation. Bioenergy output remained unchanged.
In this context, against a backdrop of stable demand and strong penetration of renewable energy, high-voltage grids are an enabling factor for the growth of renewable generation.

Performance of production sources as a proportion of demand

Renewable sources



Traditional sources

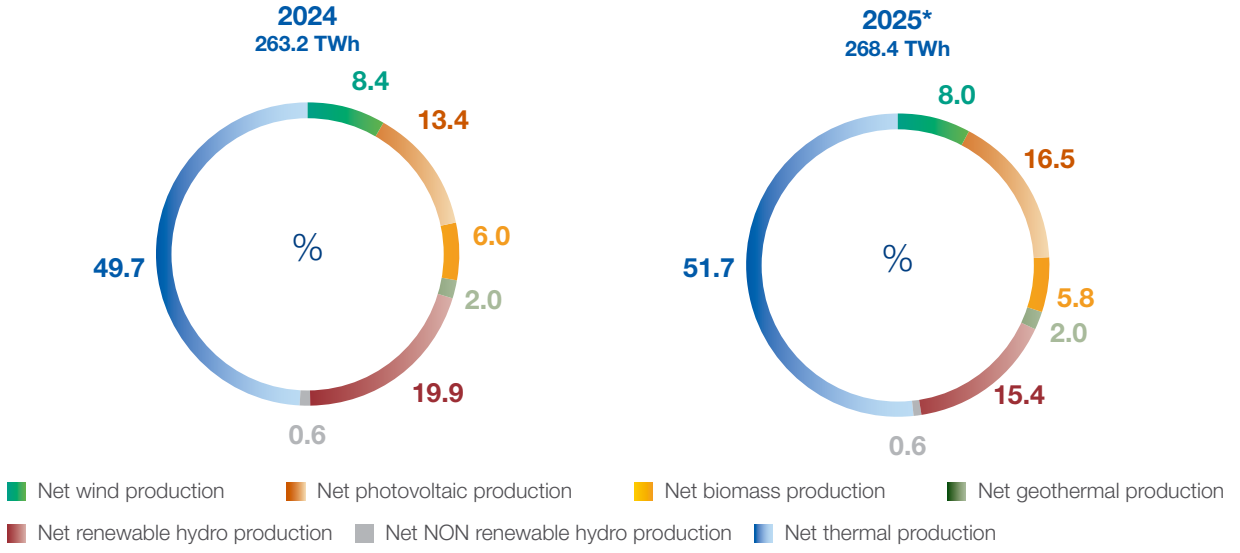


The two side-by-side charts show the trend in renewable generation in Italy in recent years, together with a comparison, over the same period, of the trend in thermal generation.

** Provisional data.*

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Net electricity production by source



** Provisional data.*

Number of hours in the year* in which the demand met by renewable sources exceeded the thresholds

	>30%	>40%	>50%
2023	6,035	3,301	1,384
2024	7,153	4,468	2,283
2025**	**6,124**	**3,184**	**2,264**

* *An ordinary year consists of 8,760 hours, while a leap year (2024) consists of 8,784 hours.*
** *Provisional data.*

In 2025 there was a decrease in the number of hours in which the coverage of demand from renewable energy sources exceeded the thresholds of 30%, 40% and 50% compared to the 2024 values.

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Regulatory framework

Terna operates as a natural monopoly and within a market regulated by the **Regulatory Authority for Energy, Networks and the Environment (ARERA)**, which determines the level of regulated revenue for transmission and dispatching activities, currently representing approximately 81.3% of the Group's total revenue.

With Resolution no. 615/2023/R/eel, the tariff regulation criteria for the electricity transmission and dispatching services for the sixth regulatory period (2024-2027) were defined, with the new principles of the Regulation for Expenditure and Service Objectives (the so-called ROSS), applicable to the 2024-2031 period, being applied for the first time. These principles, introduced by Resolutions no. 163/2023/R/com and no. 497/2023/R/com, led to a shift towards cost-recognition logic based on total expenditure incurred from 2024 onwards, namely operating and investment costs, together with a greater focus on outputs achieved and service levels delivered. The application of the ROSS principles continued in 2025 with Resolution no. 390/2025/R/com, by which ARERA confirmed the baseline ROSS mechanisms tested in the 2024-2025 two-year period (capitalisation rate, z-factor) and launched the trial of full ROSS for 2026-2027 through the introduction of a mechanism for the proper forecasting of capital expenditure and the requirement to prepare a business plan.

With Resolution no. 513/2024/R/com, ARERA updated the value of the **Weighted Average Cost of Capital (WACC)** recognised for electricity and gas infrastructure services for the second **three-year period, 2025-2027**, setting the value for the Transmission service **at 5.5%** as against the 5.8% reference value for 2024 provided for by Resolution no. 556/2023/R/com, and confirmed the application of the trigger mechanism for the new three-year period as well, lowering the activation threshold from 50 bps to 30 bps. With Resolution no. 476/2025/R/com, ARERA verified that the conditions for activation of the trigger were not met and confirmed a WACC of 5.5% for 2026.

With Resolution no. 130/2025/R/com, issued in March 2025, ARERA amended the criteria for the revaluation of capital costs, establishing a change in the revaluation index of recognised net invested capital for tariff purposes from the ISTAT deflator of gross fixed investment to the ISTAT Harmonised Index of Consumer Prices for Italy (IPCA Italy), starting from the 2024 calendar year (with effect from the 2025 tariff). For investments made up to and including 2023, the use of the deflator remains confirmed.

A number of key aspects of regulation in the sixth regulatory period are described below, with regard to the remuneration for transmission and dispatching services.

Transmission revenue makes up the most significant portion of regulated revenue and is generated from application of the related **transmission charge (CTR)**, billed by Terna to distributors connected to the National Transmission Grid. This charge remunerates transmission services and is divided into two components: a capacity component (equal to 93% of revenue, expressed in euro cents/kW/year) and an energy component (7% of revenue, expressed in euro cents/kWh).

The **dispatching service charge (DSC)** aims to recompense Terna for carrying out the activities relating to the dispatching service and is billed by Terna to users of the dispatching service in proportion to the quantity of energy dispatched.

The **recognised costs** can be broken down into the main categories summarised below.

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The main recognised cost items and output-based incentive mechanisms

1. Return on capital (RAB)	Determined on the basis of the Regulated Asset Base (RAB) and the Weighted Average Cost of Capital (WACC). The RAB represents the net regulatory invested capital; it is revalued annually based on the HICP Italy inflation index for investments made from 2024 onwards and based on changes in the gross fixed investment deflator for investments made prior to 2024. It is also updated to reflect the dynamics of investment and disposals.
2. Depreciation	Allowed depreciation (calculated on the basis of an asset's useful life for regulatory purposes) is revalued annually based on the HICP Italy inflation index for investments made from 2024 onwards, and on changes in the gross fixed investment deflator for investments made prior to 2024.
3. Operating costs	The recognised operating costs are determined by the Authority at the beginning of each regulatory period on the basis of the operating costs recorded in the year in question, adjusted if necessary on the basis of the z-factor (to cover costs related to the development of new investments for the energy transition or changes in the scope of activities) and y-factor (to cover costs arising from unforeseeable and exceptional events and changes in the regulatory framework). The recognised costs are revalued annually to take account of inflation (Italy's rate of consumer inflation for blue- and white-collar households, excluding tobacco products) and reduced by a percentage factor designed to pass on to end users part of the extra efficiencies also realised during the previous regulatory period.
4. Output-based incentives	In addition to the above items, a portion of the remuneration of transmission and dispatching services derives from regulatory incentives linked to the achievement of specific objectives, as described below: • incentive system for the implementation of measures aimed at increasing inter-zonal transmission capacity: it provides for bonuses proportional to the ratio between the realised capacity and a target capacity, with additional bonuses in the event that capacity is delivered through infrastructure solutions with costs below benchmark unit values and through efficient capital-light solutions. It also provides for the possible reduction of bonuses in cases where the ratio between the average transmission capacity made available for the day-ahead market and winter peak transmission capacity is significantly below historical levels of this ratio, in one or more of the three years following the entry into service of the investment that made available the additional transmission capacity. This mechanism, initially envisaged for the five-year period 2019-2023 (Resolution no. 567/2019/R/eel), was extended until 2024 by Resolution no. 55/2024/R/eel, which raised the cap to €180 million from the previous €150 million for output type. For the 2025-2027 period, it set the maximum bonus for the creation of incremental capacity at €90 million. With regard to the bonuses linked to the efficiency of projects for the construction of new capacity, the ARERA measure extended the current incentive mechanism for the two years of 2024 and 2025, setting a cap of €60 million. With Resolution no. 473/2023/R/eel, ARERA awarded Terna a bonus of €36.5 million for the measures brought into operation in 2022, of which €23.7 million related to the creation of additional inter-zonal transmission capacity and approximately €12.8 million to efficiency in the investment costs of those same measures.

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With Resolution no. 445/2024/R/eel, ARERA awarded Terna a further bonus of €21.6 million for the measures implemented in 2023, of which €14.4 million related to the creation of additional inter-zonal transmission capacity and €7.2 million to efficiency in the investment costs of those same measures. With Resolution no. 440/2025/R/eel, ARERA established an overall bonus of €93.4 million, of which €38.3 million for the creation of additional inter-zonal transmission capacity and €55.1 million for the efficiency mechanism;

- incentive mechanism, with an overall duration of six years, divided into two three-year periods, 2025-2027 and 2028-2030, aimed at improving the efficiency of dispatching activities and, consequently, reducing the costs of the MSD, wind curtailment and essentiality, with an incentive calculated annually on the basis of Terna's performance, assessed by comparing the actual dispatching costs of the incentivised year with the costs of the reference year, with 2023 as the benchmark for the first three-year period and 2026 for the second, duly adjusted to take account of changes in commodity prices and other factors outside Terna's control. In particular, the mechanism provides for the recognition in favour of Terna of an annual bonus equal to 12% of the reduction in MSD costs compared with expenditure incurred in the reference year of the relevant three-year period, or the payment of a penalty of 6% in the event of an increase in costs compared with the same benchmark. The bonuses and penalties, defined on an annual basis, were charged to the unit fee referred to in section 4-25.8 of TIDE, the so-called p-Other unit fee;
- improvement of service quality through an incentive mechanism based on bonuses and penalties calculated against the difference between the actual annual level of energy not supplied on the NTG, the so-called NTG RENS indicator, and the target level set by ARERA. With Resolution no. 55/2024/R/eel, the Authority extended the current mechanism for 2024-2025, providing for a maximum annual bonus of €20 million and a maximum penalty of €8 million. Resolution no. 573/2025/R/eel extended the mechanism to 2026 as well. With reference to 2024, by Resolution no. 441/2025/R/eel ARERA established a bonus of approximately €13.8 million, paid by Fund for Energy and Environmental Services (CSEA) at the end of November 2025.

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The strategy

2025 Development Plan

With the **2025 Development Plan**, Terna is further consolidating its **role in serving the country** for a sustainable and decarbonised future. The measures planned over the 2025-2034 ten-year horizon, with an **investment programme of over €23 billion over the 2025-2034** period (up 10% compared with the previous ten-year Plan) and an overall value, beyond the ten-year horizon, of up to approximately €40 billion, are aimed at ensuring **grid efficiency** and **resilience**, **sustainability**, **security and quality of service**, as well as the **integration** of generation from **renewable** sources.

The new Plan, following the previous 2023 edition, in respect of which the Regulatory Authority for Energy, Networks and the Environment (ARERA) issued a favourable opinion, Opinion 4/2025/I/eel of 14 January 2025, was transmitted to the Ministry of the Environment and Energy Security (MASE) on 27 January 2025, following approval by Terna's Board of Directors on 21 January, in line with the provisions of Legislative Decree no. 93/2011, as amended by Law 120/2020[27].

The Plan is consistent with the **2024 National Integrated Energy and Climate Plan (NECP)**, with the updated Terna-Snam scenarios (**2024 Scenario Description Document**, published in October 2024) and with the decarbonisation objectives, which impose new challenges on the electricity sector in line with the forecast of trends in energy needs and demand to be met.

2025 Development Plan Dossier



Annexes to the 2025 Development Plan



[27] Art. 36.c.12 of Legislative Decree no. 93/2011, as amended by Law 120/2020, requires Terna to prepare a ten-year Development Plan for the national transmission grid every two years, submitting it for approval by the Ministry of the Environment and Energy Security, after consulting with the affected regional authorities and taking into account the views expressed by the Regulatory Authority for Energy, Networks and the Environment (ARERA).

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FOCUS

Terna's scenarios

Working with Snam, the gas transmission network operator, every two years Terna submits the **Scenario Description Document[28] (SDD)** with the aim of outlining medium and long-term national energy scenarios. This document is preparatory to the network development plans of both sectors. Collaboration between Terna and Snam in drawing up the SDD enables the two operators to combine their specific expertise, in the knowledge that interaction between the electricity and gas scenarios is an extremely complex element at both national and EU level. Publication of the new SDD is expected in the second half of 2026.

Consistent with ARERA's indications and the NECP and ENTSO scenarios[29], Terna and Snam have developed:

- Scenarios achieving policy targets:
  - for 2030, a NCEP Policy scenario, consistent with NECP 2024, which meets the policy targets for 2030 and assumes an efficient mix of investments in grid infrastructure, renewable sources, storage and new digital technologies;
  - for 2035 and 2040, two scenarios, Global Ambition Italy (GA-IT) and Distributed Energy Italy (DE-IT), in line with those developed at European level by the ENTSOs, to be considered development scenarios aligned with the storylines of the ENTSOs' Global Ambition and Distributed Energy scenarios for achieving a Net Zero system by 2050.
- Contrasting scenarios (developed in order to assess the impact of planned infrastructure on different scenarios as required by current regulation):
  - to 2030, 2035 and 2040 a NECP Slow scenario, representing a slower transition (compared to policy scenarios) towards decarbonisation targets.
- The NECP Policy scenario identifies the need to **develop 107 GW of new wind and solar capacity by 2030**, compared with the 57 GW installed in 2025; this capacity will make it possible to reach **63% penetration of the RES share** in electricity demand by 2030, in line with the 2024 NCEP. It also requires the creation of **almost +50 GWh of new utility-scale storage by 2030**, as well as development of adequate transport capacity, to guarantee the full integration of the electricity produced from renewable sources within Italy's electricity system.

This context also includes **MACSE** (Electricity Storage Procurement Mechanism), whose first auction, in September 2025, led to the allocation of the first 10 GWh of storage capacity in Southern Italy and the Islands, equal to 100% of the required capacity, with supply exceeding demand by more than four times.

Development of installed capacity in 2011-2025 and target for 2030



** Provisional data.*
Source: Terna.
It should be noted that, following the publication of the new Terna-Snam scenarios in 2024, the name of the reference scenario for 2030 was changed from FF55 to NECP Policy.

At the same time, from the point of view of market design, it is necessary to continue decisively along the path already initiated by Italy of progressively supporting spot markets with market instruments based on futures contracts. Specifically, Contracts for Difference (CfDs), envisaged in the RES-X decree to promote the construction of new renewable plants, will make it possible to hedge the commercial risk of gas, which has significantly impacted household and business bills over the past three years.

[28] This document is available at the following link: https://www.terna.it/en/electric-system/efficient-territorial-planning/national-electricity-transmission-grid-development-plan/scenarios.
[29] ENTSOs (European Network of Transmission System Operators) are the organisations grouping the operators of energy transmission systems in Europe, respectively for electricity (ENTSO-E) and gas (ENTSO-G).

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The needs of the System and the new Efficient Territorial Planning model

The 2025 Development Plan responds to the country's infrastructure needs, seeking to define development priorities, i.e. those **projects that offer the greatest value for the system**, facilitating the **investments required for the energy transition**. The investments envisaged in the 2025 Development Plan to enable the achievement of system benefits are grouped into the following main categories: NON-RES Connections, RES Connections, Large HVDC and Hypergrid Projects, Interconnections, VHV projects.

These projects serve four main purposes:

- **develop enabling and innovative infrastructure** to achieve the efficient target capacity to increase transit limits between market sections and maximise energy exchange;
- **resolve local congestion**, ensuring safe operation within market areas through intra-zonal planning;
- **ensure the security of electricity systems and the integration of markets through interconnections**, which allow flexible and balanced management of energy resources, facilitating exchanges between national grids;
- **manage the huge demand for connecting renewables through innovative solutions** such as the definition of a new model – **Efficient Territorial Planning (ETP)** – with the aim of ensuring efficiency in the implementation of grid works enabling the integration of new resources.

With regard to the latter need, the handling of a large number of connection requests, which have increased more and more in recent years, has caused administrative congestion and authorisation difficulties, as well as higher infrastructure costs due to the potential redundancy of grid works. The magnitude of the phenomenon calls for new variables to be considered in grid management in view of Terna's regulatory obligation to connect all those who so request to the NTG.

This was the reason for the introduction of the aforementioned new model of **Efficient Territorial Planning**, adopted by Terna to ensure efficiency in the construction of works enabling the connection of new resources, minimising costs for the system and the impact of infrastructure on the local region. This approach will bring benefits in terms of speeding up the authorisation of works and accelerating the commissioning of new plants, taking into account the smaller grid developments required. This will also lead to a reduction in complexity due to the simplification of the dynamics of the technical meetings, a reduction in overall system costs and a lower local impact of grid works. The ETP will enable integrated and efficient planning of RES Connections, Storage and End Users, including Data Centres, together with grid development measures, and will facilitate the connection process, information sharing and transparency with permitting authorities thanks to the TE.R.R.A. digital portal.

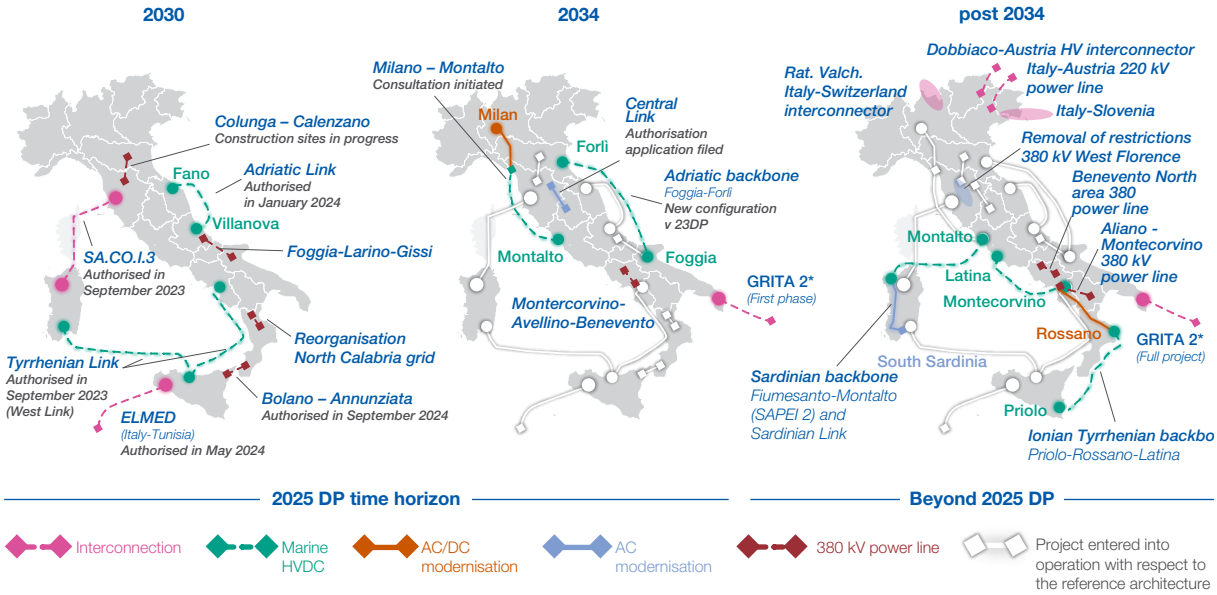
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Main projects in the Development Plan

MDR-A

The projects of the Development Plan 2025 pursue the objective of **creating synergy** with the **development works already planned** (in the 2023 Development Plan and earlier) and with the **existing infrastructure**, in order to ensure maximum safety and flexibility of operation.
The grid architecture as at 2034 and post-2034 takes into account the synergy between the Hypergrid project and the VHV grid projects already planned, with **planned investments of more than €23 billion over the ten-year horizon of 2025-2034**.

Below are the main development projects planned for the years 2030, 2034 and post-2034.



** Considerations are being made as to whether the complete project can be brought forward to the 2025-2034 plan time horizon.*

It is a very challenging Development Plan but at the same time characterised by **solid elements**:

- the projects planned for 2030 have already been authorised and some of them are already under construction;
- projects for 2034 have already started authorisation processes;
- those planned for after 2034 are in the works budget conciliation phase.

Confirming the benefits of projects that contribute most to achieving decarbonisation targets and the energy transition, **the cost-benefit analysis also demonstrated their full sustainability** through robust System Utility Indices (SUI) notwithstanding a challenging environment of rising costs.

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In the 2025 Development Plan for the National Transmission Grid, Terna aims to extract more value from existing assets through **capital light**. These projects based on innovative, low-capital-intensive instruments and solutions, which flank traditional infrastructure initiatives, make it possible to pursue benefits for the grid in terms of increased transit limits between Market Zones, mitigation of intra-zonal congestion, maximisation of RES production and reduction of curtailment, and maximisation and anticipation of the benefits expected from the entry into service of the individual works of the Development projects, including during the intermediate phases.

With the **Hypergrid** project, Terna has planned a number of new electricity backbones to support the integration of renewable capacity from Southern Italy into the load centres of the North: this is a major modernisation programme involving existing power lines along the peninsula's Tyrrhenian and Adriatic backbones and towards the islands, also including submarine connections. The project, together with all those planned for the VHV grid and the capital light works included in the 2025 Development Plan, in continuity with the 2023 Development Plan, will make it possible to achieve the EU decarbonisation targets, favouring the connection of the expected renewable energy plants.

FOCUS

Capital light measures for the benefit of the electricity system

The so-called capital light projects can be realised in a short timeframe and optimise grid operation. They allow transport capacities and exchange limits to be safely increased without the need for complex authorisation procedures. This reduces congestion and enables greater production from renewable sources. Overall, therefore, these projects increase the efficiency of the electricity market, facilitate the integration of clean energy and reduce wholesale electricity prices.

In the 2021-2025 period alone, the extensive use of Dynamic Thermal Rating (DTR) systems, the evolution of the Defence System, the removal of limiting components and the revision of Real-Time operating procedures made it possible to achieve around 2.5 GW of additional transmission capacity (out of the more than 3.5 GW delivered). In particular, during 2025 these measures made it possible to increase:

- transmission capacity on the Centre South - Centre North section by 100 MW in both directions;
- transmission capacity from the Calabria zone to the Sicily zone by 100 MW, and by 175 MW in the opposite direction.

In a context characterised by strong growth in connection requests and a significant expansion of generation from renewable sources, these solutions make it possible to respond to the country's needs in a rapid, sustainable and technologically advanced manner.

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2024-2028 Industrial Plan update

In a context characterised by the growing complexity of the energy system, the 2024-2028 Industrial Plan update – Empowering Tomorrow – strengthens the role of the Terna Group as an enabler of the country's energy transition. The Plan, approved by the Board of Directors on 25 March 2025, leaves the underlying strategic lines unchanged and reinforces the **Twin Transition: Energy and Digital** concept, deemed crucial for ensuring a fair and inclusive Just Transition for all stakeholders.

The Industrial Plan update provides for **total investments of €17.7 billion**, in order to achieve the challenging decarbonisation targets set nationally by the National Integrated Energy and Climate Plan (NECP) and, at European level, by the Green Deal targets. The Terna Group's development activities therefore continue to focus on two strategic lines: **Regulated Activities in Italy and Non-Regulated Activities**.

Over the course of the Plan, Terna will maintain a **sound capital structure**, supported by robust cash generation, which will help sustain investment growth and ensure **an attractive dividend policy**.

(€b)	2024 Guidance	2024 Results	2025 Guidance	2025 Results
Revenue	3.61 ✓	3.68	4.03 ✓	4.03
EBITDA	2.5 ✓	2.57	2.7 ✓	2.75
Profit attributable to owners of the Parent	1.04 ✓	1.06	1.08 ✓	1.11
Capital expenditure	2.6 ✓	2.7	3.4 ✓	3.51

A strategy fully integrated with sustainability

Terna's 2024-2028 Industrial Plan update fully incorporates the Sustainability Plan, confirming how deeply sustainability is embedded in the Group's business.

The sustainability of investments is an essential element in value creation, both for the Company and for the system as a whole. **Indeed, around 100%** of Terna's investments are considered **sustainable** according to the eligibility criteria introduced by the **European Taxonomy**.

These investments are aimed in particular at **supporting the development of renewable sources**, by strengthening the energy transmission backbones from production points, increasingly located in Southern Italy, where renewable sources are concentrated, to the main consumption centres in the North, resolving current grid congestion and further developing interconnections with foreign countries.

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Regulated Activities in Italy

Regulated Activities in Italy represent the core business of the Terna Group, with total investment of **€16.6 billion**, the highest ever (+7% compared with the previous 2024-2028 Industrial Plan), to develop and strengthen the National electricity Transmission Grid. With these investments, the **Regulated Asset Base (RAB)** will reach around **€32 billion in 2028**, with a CAGR of 9% over the Plan period.

Development of the National electricity Transmission Grid (NTG)

Investment in the development of the National electricity Transmission Grid amounts to **€10.8 billion** and is mainly related to:

- the construction of high-voltage direct current lines, to resolve grid congestion, increase transmission capacity between the different market zones, fully integrate renewable sources and improve service quality;
- the construction of submarine cable connections.

The flagship project is the **Tyrrhenian Link**, the power line that will connect Sardinia, Sicily and Campania, helping to accelerate decisively the development of renewable sources and to improve electricity exchange capacity between the three regions. The other projects include the **Adriatic Link**, the submarine power line between the Marche and Abruzzo regions; **SA.CO.I.3**, the interconnector linking Sardinia with Corsica and Tuscany, **Elmed**, the Italy-Tunisia interconnector, and the 380 kV **Chiaramonte Gulfi-Ciminna** power line in Sicily.

Further development of interconnections with foreign countries will also increase the reliability and security of the Italian electricity system, consolidating **Italy's role as an electricity hub for Europe and the Mediterranean area**.

Renewal and efficiency of NTG assets

Investment of **€3.6 billion** is planned, compared with around €2.9 billion envisaged in the previous Plan, for the rationalisation of existing infrastructure and the replacement of obsolete components. These activities also include digitalisation measures in the transmission grid through the use of new data-driven technologies, the adoption of Artificial Intelligence-based solutions and the use of robotics.

Security plan

Approximately **€2.3 billion**, compared with around €1.7 billion envisaged in the previous Plan, will be allocated to the Security Plan, with measures aimed at strengthening and enhancing the technical and technological functions of the electricity system and improving grid resilience. In particular, investments are planned in machinery for system security, as well as in the strengthening of cyber security initiatives and the digitalisation of assets and processes.

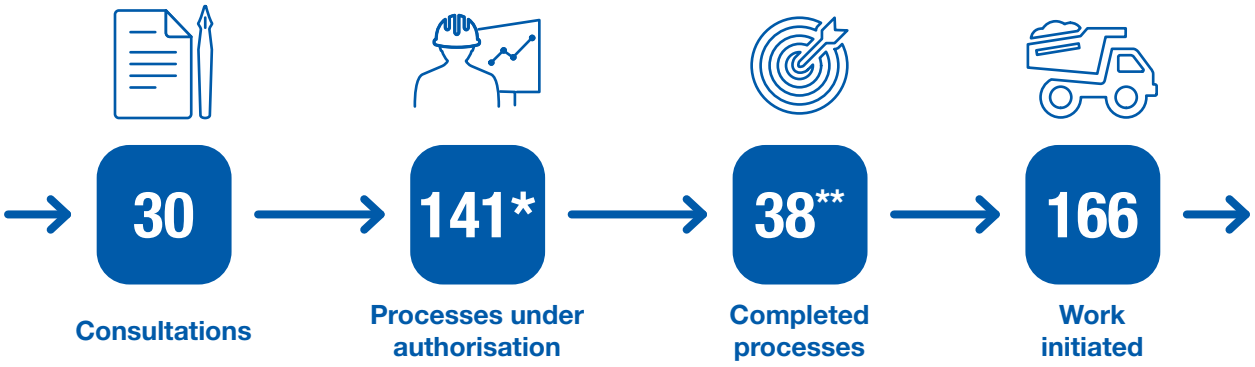
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Execution capacity

Terna stands out for its proven ability to **manage projects throughout the entire execution process**: from the authorisation phase and relations with local and national authorities, to the engineering, management, financial, organisational and decision-making capabilities that make it possible to complete these complex projects, including the procurement phase.

These capabilities are reflected in the significant progress made in the execution of the main projects: as of December 2025, around **92% of the works had already been authorised** and around **88% were already covered by supplier contracts** (compared with around 90% and around 80%, respectively, envisaged in the 2024-2028 Industrial Plan update).

During 2025, **38 measures** for the development of the National electricity Transmission Grid, for a total amount of **around €927 million**, **were authorised** by the Ministry of the Environment and Energy Security and the competent regional departments. The main projects authorised in the year include: the rationalisation of the grid in Brianza Ovest, the new substation at Volpago (Treviso) and the electrification of the quays at the Port of La Spezia, the first project of its kind in Italy. Also included are the reorganisation of Rome's South-West Quadrant, to improve the efficiency of the Capital's grid, and the construction of the new substation at Perdasdefogu (Nuoro), to ensure greater resilience in an area subject to frequent snowfall.



* *The data relates to pending processes at 31 December 2025, i.e., procedures formally initiated both at the Ministry of the Environment and Energy Security and at the Regions and Autonomous Provinces and not yet completed.*

** *It should be noted that the number of completed procedures disclosed on 18 December 2025 in the specific press release, https://www.terna.it/en/media/press-releases/detail/new-infrastructure-worth-800-euro-million-operational-2025, does not include two additional procedures completed by 31 December 2025.*

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Non-Regulated Activities

The Non-Regulated Activities will continue to generate new business opportunities through the development of innovative and digital technology solutions consistent with Terna's institutional role.

The markets of reference are undergoing rapid expansion, driven for the most part by trends linked to the energy transition: increased demand for renewable generation plants, the renewal of grids and the growth of new industrial sub-sectors such as data centres and large power consumers. The Group's Non-Regulated Activities include the following business lines: Equipment; Energy Services; Connectivity; Interconnector.

By leveraging the expertise developed in these areas and using strategic assets, these activities will seize market opportunities, contribute to the achievement of the energy transition creating value both for the Terna Group and for the country.

The Plan includes a series of initiatives designed to fully exploit the portfolio of businesses, introducing optimisation measures to strengthen financial performance and consolidate market leadership. Non-Regulated Activities are expected to make a **contribution to the** Group's **EBITDA** of approximately **€730 million** cumulatively over the Plan period, against a limited investment commitment and a low risk profile.

For details of operating performance in 2025, please refer to the relevant paragraph in the section "The Terna Group's operating performance".

Terna's people

Terna's people, with their **world-leading technical expertise**, are a key asset in enabling the Group to achieve the challenging goals the Group has set itself. The People strategy, built on three fundamental pillars, i.e., empowerment, experience and excellence, aims to place people at the centre, promoting their development and wellbeing through empowerment and a mutual commitment to collective growth.

Through its People strategy, Terna fosters a culture of excellence based on merit, respect, and the enhancement of the diversity and uniqueness of individuals.

The central role of the Terna Group's people is confirmed by the significant acceleration in job creation. In this regard, the Group has strengthened its commitment to attracting the best talent, setting itself the ambitious goal of growing the company by **1,400 people over the plan period. More than 800 hires** were made **in 2025**.

Attention to people, in line with many other initiatives, must also be reflected in their well-being. The Group strongly believes in management by objectives and supports flexibility and work-life balance.

(unit)

WORKFORCE	AT 31 DECEMBER 2025	AT 31 DECEMBER 2024	CHANGE
Senior managers	110	99	11
Middle managers	1,029	951	78
Office staff*	4,219	3,735	484
Blue-collar workers*	1,759	1,635	124
Total	**7,117**	**6,420**	**697**

** The data at 31 December 2024 have been restated to reflect the correct allocation by category, without changing the overall balance of workforce.*

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The increase in the workforce at 31 December 2025 (up 697 employees compared to 31 December 2024) directly reflects the needs arising from the implementation of the challenging investment plan envisaged in the 2024-2028 Industrial Plan update, the acquisition of STE Energy S.r.l. in May 2025 and Rete 2 S.r.l. at the end of September 2025, which resulted in an increase of 140 and 19 employees, respectively, as well as the strengthening of the Group's distinctive skills.

Digitalisation and innovation in support of the transition

Digitalisation and **innovation** are **key pillars** in managing the growing complexity of the electricity system and achieving the national energy transition targets. The Plan update plans to spend **€2.4 billion** for digital technology, amounting to approximately 15% of investments in Regulated Activities in Italy, in line with international forecasts and the ambitions of the main European TSOs.
The digital plan aims to further consolidate the importance of digitalisation in supporting the Development Plan, with a series of ambitious initiatives throughout the value chain. These include:

- engineering will introduce software to digitalise the planning of worksites (Building Information Modelling) and optimise the management of contracts, ensuring the on-time delivery of projects;
- dispatching will renew station ICT architecture through the adoption of Substation Automation System (SAS) solutions and develop advanced network forecasting and optimisation models for the safe and economical operation of the National Electricity System;
- asset management will maintain current quality standards by digitising the O&M process using technologies such as digital twin, Internet of Things (IoT) and predictive tools.

Advanced digital solutions will therefore be used to constantly guarantee safety, drive innovation and improve worker efficiency.

Terna strongly believes in the **value of innovative ideas** and therefore supports start-ups capable of transforming ambitious insights into concrete models and technological tools that can improve the management of the national electricity grid. A grid that, with the increasing integration of renewables, needs increasingly intelligent solutions to ensure stability and efficiency.



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Below are the **four ambitions** that guide every corporate innovation initiative aiming to have an increasing impact on the business through the adoption of Open Innovation approaches:

MANAGE UNCERTAINTY in a decarbonised electricity system, ensuring security at a minimum cost

New flexible resources: enable the flexibility of new energy resources in the ancillary services market resources.

System stability: maintain stability in an electricity system dominated by inverter-based energy resources.

Digitise System Operations: make system operator activities more efficient through AI-based automation and the development of the "co-pilot" concept.

EVOLVE towards an increasingly «robust», resilient and integrated infrastructure

System resilience: increase system resilience to deal with extreme weather and climate events.

Optimise RES integration: aimed at improving asset design and construction.

Optimise design and construction: solutions aimed at improving asset design and construction.

Grid digitalisation and Sustainability: solutions for digitising the grid and improving the sustainability of Terna's assets.

MAXIMISE THE RELIABILITY of existing assets and O&M efficiency while reducing risks

Operational improvement: new equipment, methods and instrumentation to increase operational efficiency and safety during inspections, maintenance and renewal operations.

Asset optimization: new equipment, methods and instrumentation to increase operational efficiency and safety during inspections, maintenance and renewal operations.

Robotic automation: innovative working methods through the use of advanced robots and drones, in order to automate O&M activities on lines and plants, also in a collaborative perspective.

FACILITATE and MAKE the processes and work of our People SAFER

Staff process digitalisation: development of innovative solutions in the fields of AI, RPA, intelligent platforms that digitise and automate company processes.

New ways of learning: new engaging tools in the metaverse and VR to support learning and training.

Stakeholder engagement: new solutions to engage stakeholders on key issues of the twin transition.

The **Open Innovation model** is a **strategic lever** to support the evolution of the electricity system and promote a fair energy and digital transition. The open, collaborative approach fosters skills and knowledge, enhances the value of pilot projects and accelerates technological adoption. Terna also positions itself as **an industrial validator**, strengthening its presence and leadership in European and global ecosystems.

Supporting Terna's Open Innovation strategy is the **Terna Ideas**[30] platform, a meeting space between internal creativity and the external talent of start-ups, researchers, innovative companies and solvers from around the world. Through challenges dedicated to energy-transition themes, the most promising proposals are turned into concrete solutions.

Terna Innovation Zones (TIZs) are outposts and hubs designed to generate value for the electricity system of the future. The first centre was opened in 2024 in Silicon Valley, with the aim of establishing a direct presence in one of the world's most dynamic innovation environments. The San Francisco Innovation Zone was developed together with the Italian Innovation Centre at INNOVIT, the Consulate General of Italy in San Francisco, and the partner Mind the Bridge. In 2025, Terna continued to expand its national and international network with three new strategic initiatives: on **29 January 2025**, another **Terna Innovation Zone** was inaugurated in **Tunis**, an initiative closely linked to the Elmed infrastructure project; on **9 September 2025**, the **Adriatic Innovation Zone** headquarters were inaugurated in Ascoli Piceno; and on **1 October 2025**, the **Terna Innovation Zone Turin** was inaugurated, a hub that strengthens the Group's presence in the main **European innovation ecosystems**.

[30] https://ternaideas.terna.it./

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Among the strategic initiatives promoted within the Turin hub, the **TSO Innovation Alliance** stands out. Established in July 2025 through the signing of a Memorandum of Understanding (MoU), it brings together **eight of Europe's largest electricity grid operators** to accelerate innovation in support of the energy transition. The common goal is **to develop shared solutions** to increase **grid resilience** and **efficiency**, especially in light of the effects of climate change. The alliance's first initiative was an open challenge dedicated to the theme "Climate change and grid resilience". The alliance will also promote annual programmes, open calls for start-ups and joint research and testing activities.

With these new openings, Terna is consolidating **an international network** spanning the United States, Africa and Europe, strengthening its ability to **identify cutting-edge technologies**, create **synergies between different ecosystems** and actively contribute to building an **increasingly sustainable**, **resilient** and **innovative electricity system**. The Terna Innovation Zones are thus confirmed as central tools in the Group's strategy, serving as meeting points for knowledge, technology and international collaboration.

Through its **Corporate Venture Capital** vehicle, **Terna Forward S.r.l.**, established in November 2022, the Terna Group **supports promising start-ups through strategic investments**, encouraging the development of technologies capable of improving the efficiency and resilience of electricity infrastructure. With an approach based on Open Innovation, Terna Forward S.r.l. not only finances the most disruptive initiatives, but also makes its expertise available to accompany them in their growth, contributing concretely to the transformation of the energy system.
During 2025, in addition to the investments pursued indirectly through membership of and active participation in CDP Venture Capital's Corporate Partners I fund, the Company completed three direct investments in start-ups: Eoliann S.r.l. società benefit, Hibot Corporation[31] and Hypermeteo S.r.l. Taking these transactions together with the investments made in 2024 (Wesii S.r.l., Melaworks, D-Orbit and Unusuals World), as at 31 December 2025 the total direct investments made by Terna Forward S.r.l. amounted to approximately €7 million.

Terna's journey in the Twin Transition shows how **innovation** can become a **driver of sustainability**. Through these initiatives, the company actively engages in driving change with vision and determination.

As at 31 December 2025, there were 85 titles, including patents, design models and copyrights (including obtained and deposited).

Identification and assessment of Industrial Plan risks

To evaluate the solidity and reliability of Terna's Industrial Plan and respond to the needs of the Company's key stakeholders, the Terna Group has adopted a methodology that integrates uncertainty assessment and quantification into the business planning process.

To conduct this activity, the Administration, Finance and Control department uses a tool that assesses the degree to which the Group's risk profile is compatible with its strategic goals. The identification and quantification of risks and opportunities (uncertainties) is applied to the Terna Group as a whole and requires the direct involvement of all the relevant departments in the form of specific interviews under a bottom-up approach.

The process requires that, once uncertainties have been identified and quantified, they are aggregated using a proprietary Monte Carlo simulation model that, starting from the data collected, generates a large number of alternative scenarios based on likely developments in the variables underlying the Industrial Plan. The methodology thus enables the Company to estimate the overall volatility of the financial targets deriving from the occurrence of key risk events and opportunities and to assess the resilience of the Industrial Plan.

[31] The investment in Hibot Corporation was made through the JKISS (Japanese Keep It Simple Security) instrument, an agreement granting Terna Forward S.r.l. the right to future equity interests.

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SBM-1

2024-2028 Sustainability Plan update

The Terna Group's strategy for the five-year period from 2024 to 2028, updated in 2025, is based on a **unified vision of its role in serving the country** and means that the **Industrial Plan is fully integrated with the Sustainability Plan**, with ESG objectives being given the same priority as industrial and financial objectives. This allows to Terna to guide both its day-to-day actions and its investments for the future: the Sustainability Plan, together with the Industrial Plan, are fundamental building blocks for the full implementation of the Group's Mission, Vision and Purpose (see page 1).

The two common threads running through both the Sustainability Plan and the Industrial Plan are linked to environmental and social considerations:

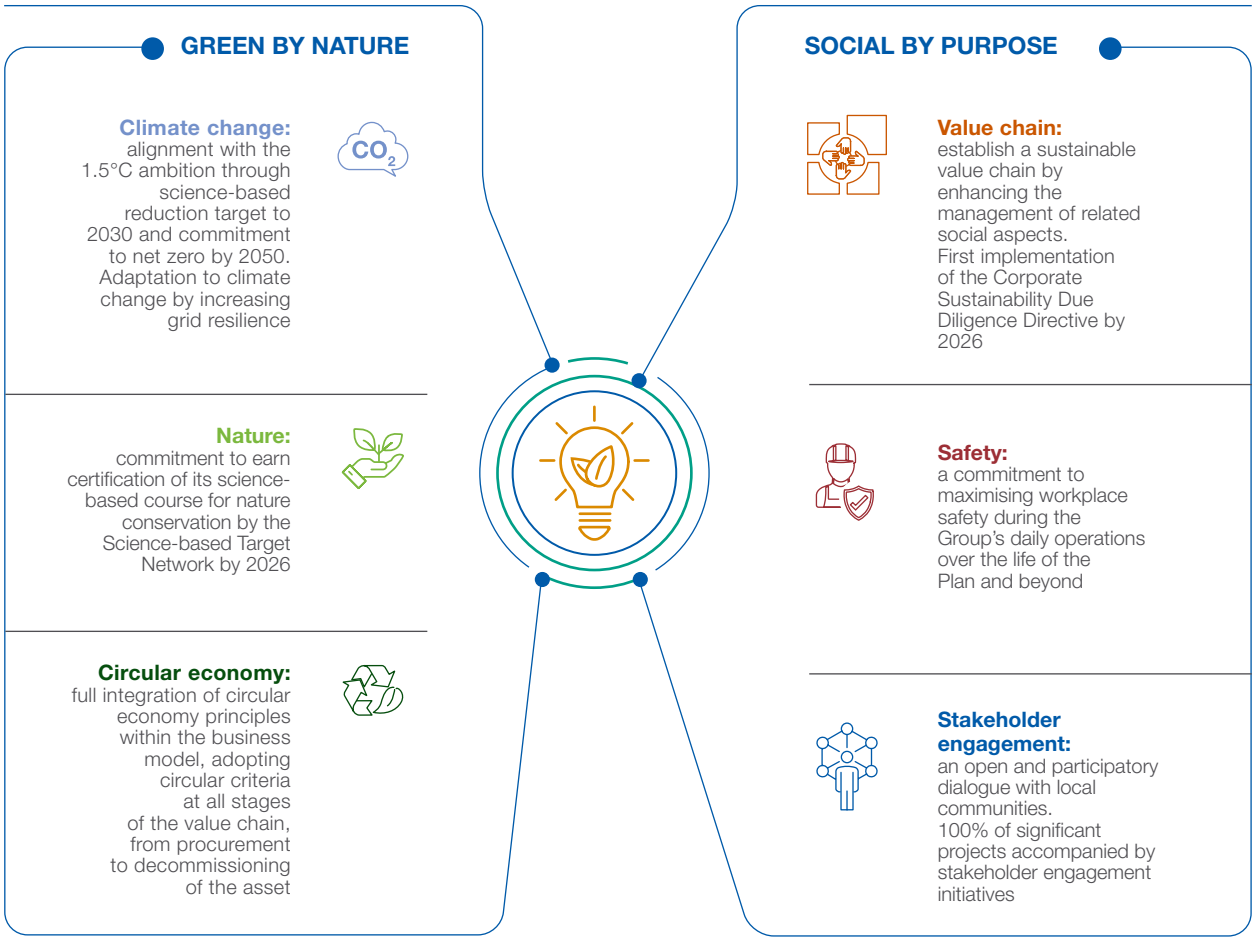
- on the one hand, given its role as a TSO with a vital part to play in delivering the energy transition, thus leaving future generations with a carbon-free environment, sustainability is inherent in the very nature of Terna, making it **"Green by Nature"**;
- on the other hand, Terna's business activities are carried out within the framework of a solid structure of protections and safeguards aimed at the maximum protection of stakeholders' rights and demands, with a constant commitment to listening to local communities. As a result, the Group is **sustainable also by choice** and therefore **"Social by purpose"**.



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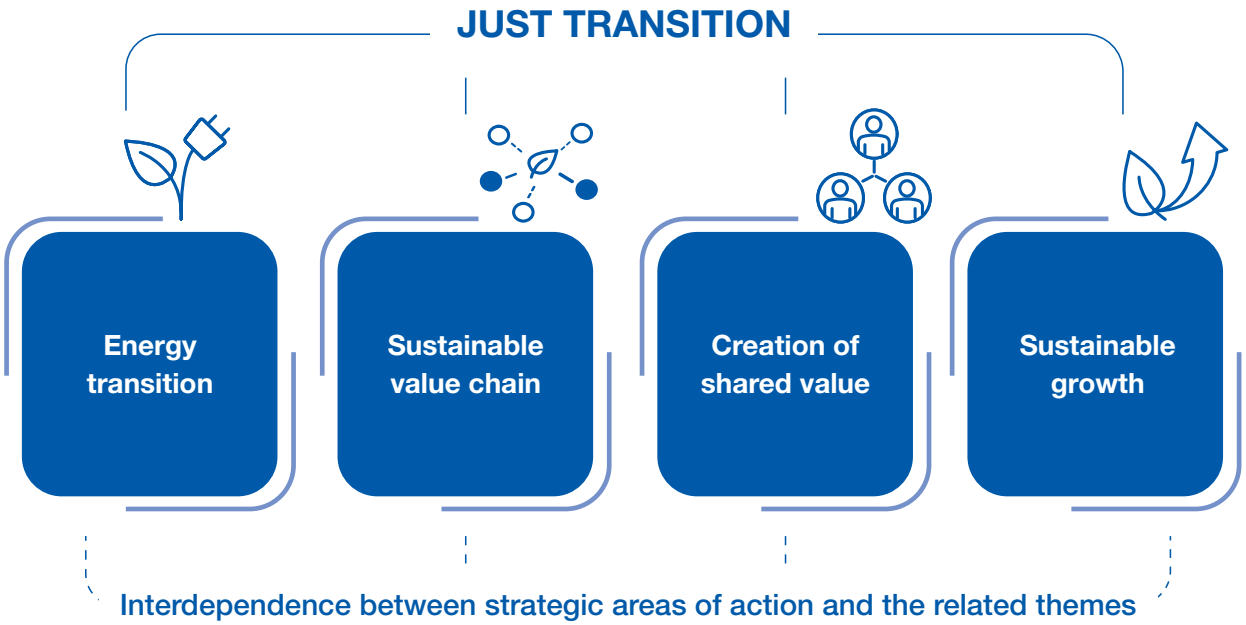
Compared with the priority objective of the Industrial Plan, namely the delivery of the Energy and Digital Transition **(Twin Transition)**, these two strands, i.e., Green by Nature and Social by Purpose, point to the need to take social impacts into account as well, in other words to raise the Group's level of ambition and deliver a **Just Transition**.

Green by nature, social by purpose



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2024-2028 Sustainability Plan update: pillars and strategic areas



The Plan, which also takes into account the results of the Double Materiality Analysis (see page 186), is structured around four pillars, all serving the priority objective of a Just Transition.

Each pillar is organised into strategic action areas, which in turn are broken down into activities and projects, with a series of qualitative and quantitative objectives supported by measurable short, medium and long-term targets:

- **Energy transition:** this pillar focuses on the delivery of a transition to a new, more sustainable energy paradigm, based on the use of energy from renewable sources. In addition to a progressive reduction in the carbon footprint and in related CO_2 emissions, there are also considerations on the security and resilience of the National Electricity System and, therefore, of the country's production and social system;
- **Sustainable value chain:** this pillar aims to establish a new, increasingly inclusive and sustainable value chain through the adoption of new development models that promote sustainable supply chain management, value creation for Terna's people, transparency in customer relations and the development of circularity in business practices;
- **Shared value creation:** the objective of this pillar is to strengthen the business model in terms of sustainability, understood as balancing profit, care for the environment and the consolidation of social license to operate, i.e., engagement with and support for the communities affected by Terna's presence and activities.
- **Sustainable growth:** this pillar aims to guarantee sustainable long-term growth through:
  - the focus of investments in innovation and digitalisation on the energy transition;
  - the development of an open innovation ecosystem;
  - the development of new businesses to support growth;
  - the strengthening of financing instruments capable of supporting the just transition.

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The process of defining the Sustainability Plan

The process for defining the Sustainability Plan involves all company departments, which are called upon both to report on the previous year's performance and to assess new objectives for the future on the basis of inputs arising from the external context and business developments.

The latest update of the Plan took into account the requirements of the Corporate Sustainability Reporting Directive (CSRD), extending the scope of targets across the Plan period to the whole Group, in line with the consolidated scope required by the legislation. Topics identified as material under the new European Sustainability Reporting Standards (ESRS) were also included. The 2025 update also included objectives linked to the Corporate Sustainability Due Diligence Directive (CSDDD), ensuring an increasingly transparent and structured approach to reporting and managing sustainability impacts along the value chain.

The mechanism for reviewing and updating the Plan includes:

- first, discussion between the Sustainability function and the various company departments;
- subsequently, review by the Board Committee "Sustainability, Governance and Scenarios".

Monitoring of the Plan is crucial to ensuring that the objectives set are achieved; accordingly, a specific system of procedures and safeguards has been adopted. In particular, an interdepartmental coordination group has been established, responsible for monitoring the Plan and maintaining a continuous exchange of information with the company structures that own the KPIs and the Plan targets, thereby ensuring constant updating and effective management of activities. The main KPIs set out in the Plan are then reported to the board committees on a periodic basis. In January 2026, a workshop dedicated to the Sustainability Plan was held, with the aim of strengthening shared understanding of its contents, implementation and monitoring methods, as well as encouraging discussion among the functions involved. More than one hundred employees from all company departments took part, through a mixed format, both in person and remotely. The workshop alternated framing sessions, contributions focused on indicators and monitoring methods, and group work sessions.

Targets and results of the Plan linked to ESRS policy themes and actions are presented in the Consolidated Sustainability Statement.



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The value creation process

CLIMATE CHANGE

ENERGY AND SOCIAL CONTEXT

INPUT

FINANCIAL CAPITAL
- Equity capital
- Cash flow generated by operating activities
- Financial liabilities

INFRASTRUCTURE CAPITAL
- Terna's assets
- Number of applications for connection to RES plants

INTELLECTUAL CAPITAL
- Electricity System Management (data)
- Company know-how (innovation)
- Corporate regulatory system
- Suppliers of ESG-relevant categories

HUMAN CAPITAL
- Specialist and managerial skills
- Health and safety
- Women in a managerial position

SOCIAL CAPITAL AND RELATIONAL CAPITAL
- Engagement with local communities
- Relationships with Entities and Institutions
- Trade union membership rate

NATURAL CAPITAL
- Electricity consumption
- SF_6 gas leaks
- Discontinued power lines

BUSINESS MODEL

RISKS AND OPPORTUNITIES

TWIN TRANSITION FOR A JUST TRANSITION

STRATEGY AND ALLOCATION OF RESOURCES

GOVERNANCE

REGULATED ACTIVITIES

TRANSMISSION

As a Transmission System Operator (TSO), Terna designs, builds, manages and develops the high and very high voltage National Transmission Grid (NTG) throughout Italy.

DISPATCHING

Terna guarantees in real time the balance between demand and supply of electricity, ensuring the continuous balancing of the system and the stability of the grid.

NON-REGULATED ACTIVITIES

Non-Regulated activities generate new growth opportunities, providing industrial and technological skills to support the energy transition

EQUIPMENT | ENERGY SERVICES | CONNECTIVITY | PRIVATE INTERCONNECTORS

PERFORMANCE

PERSPECTIVES

LEGISLATIVE AND REGULATORY DEVELOPMENTS

REDEFINING SUPPLY CHAINS

CREATION, PRESERVATION OR EROSION OVER TIME

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OUTPUTS

- Investment in NTG
- Monitoring and predictive maintenance
- New connections to RES plants
- New efficient territorial planning model
- CO_2 emissions
- Quality, security and continuity of the electricity service
- Waste produced

OUTCOME

	SDGs
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 CO_2 emissions - Recovery and recycling of waste produced - Consumption efficiency - Landscape impact mitigation	

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Terna's value creation

The 2025 Report on Operations illustrates the Terna Group's ability to create value over time through a **Sustainable business model** based on the interaction between tangible and intangible capital available to the organisation. Its proper functioning is constantly monitored, measured and reported through specific financial, operational, social and environmental indicators.

The Terna Group's process for creating value over time[32] is guided by **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.

SBM-1

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. For an understanding of the Group's business model in the year 2025 and the related costs and revenues associated with the business segments, please refer to Note C "Operating Segments" of the Consolidated financial statements.

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 and relational capital.

Indeed, of all the intangibles intellectual capital is the most versatile, in fact its quality and robustness – and thus its capacity to create value – intersects with human capital, social capital and relational capital. To drive the Energy Transition, continuous analysis and proper management of big data are essential, with their integrity safeguarded by robust cyber security processes and a reliable electricity system. Its operation is further ensured by innovation and digitalisation processes, enabling the ability to tackle the challenges and uncertainties of an increasingly complex external environment. For further information in this regard, please refer to the section "The value creation strategy – The strategy – 2024-2028 Industrial Plan update", the section "Governance information" in the Consolidated Sustainability Statement, and note 15 – Intangible assets to the Consolidated financial statements.

[32] 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.

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With regard to human capital, its quality is crucial for the company's growth, and consequently for fuelling the creation of value over time. People, with their basic education, skills developed and consolidated over time, managerial skills, motivation, loyalty and sense of belonging, are a central element of all company activities, and it is necessary to guarantee respect for their rights. For more information on this, see the "Social information" section of the Consolidated Sustainability Statement.

Finally, with regard to social-relational social capital, its quality is dependent on the Group's ability to listen to its stakeholders, considering their interests and analysing their compatibility with its business objectives. For more details on this, please refer to the section "General disclosures - Relationship with stakeholders" of the Consolidated Sustainability Statement.

SBM-1

The representation of the business model by capital allows the Terna Group to emphasise the outputs and related outcomes generated, highlighting the benefits that its stakeholders enjoy both from a financial point of view, in terms of economic returns linked to the investments made, and from the point of view of the social-relational and environmental impacts produced. In this regard, and more generally in making strategic and operational decisions, the Terna Group uses knowledge and data such as:

- market data, such as analyses of demand and industry trends;
- legislative requirements and industry standards;
- internal company performance reports/operational KPIs.

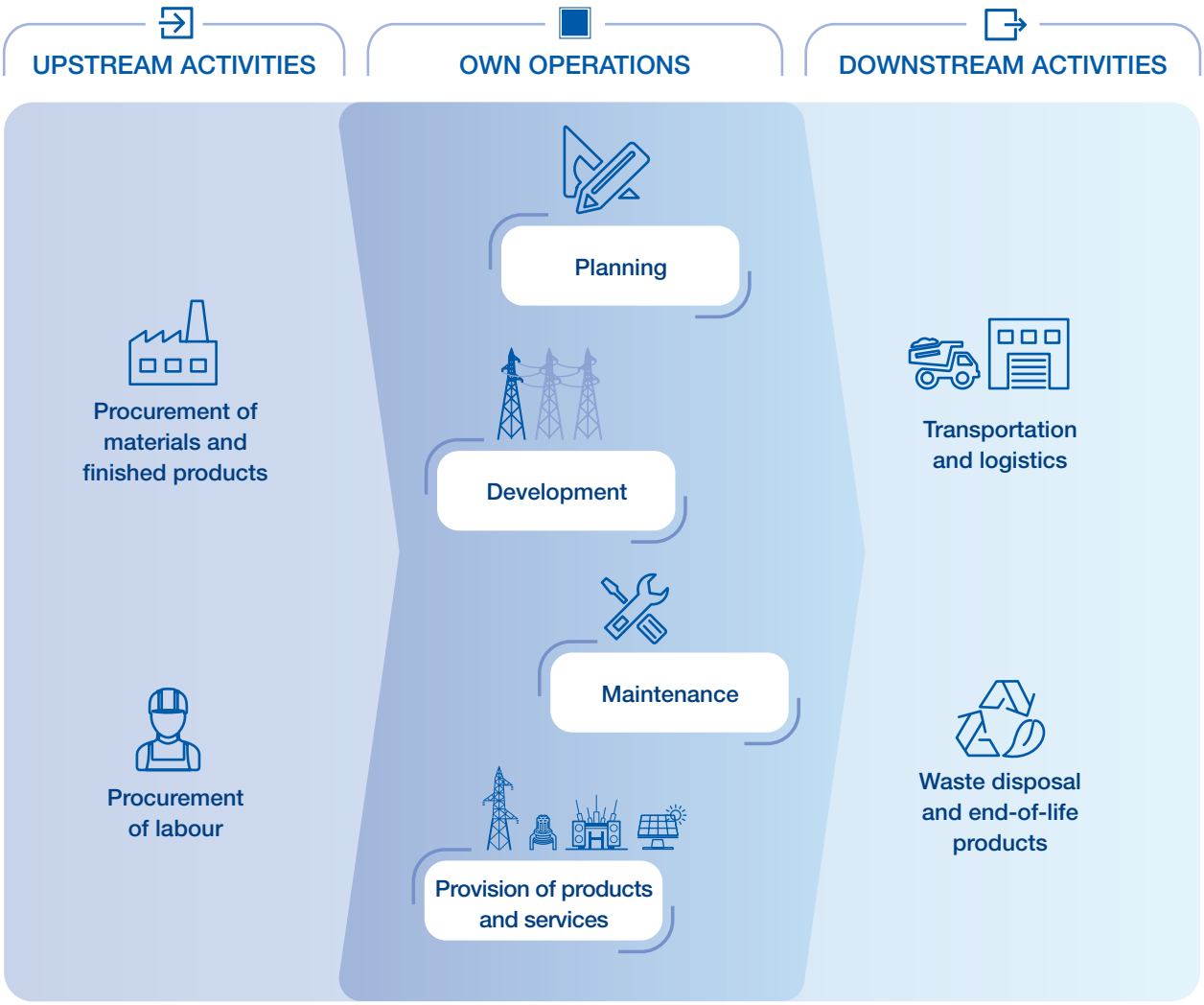
This shows that Terna's business model, in addition to generating positive impacts for the Group, also contributes to creating shared value along the entire value chain, to which it devotes particular attention in measuring and assessing results in terms of current or expected benefits for the parties with which it interacts.



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SBM-1

The Terna Group's value chain



MAIN PLAYERS

Suppliers	Group's workers	Third-party transport companies with traceability
Contractors	Dispatching users and Parties requesting the connection	Disposal companies
	Corporate customers	

In order to provide as complete a representation as possible of the Group's business model, set out below is the value chain mapping, which underwent further refinement and analysis during 2025. This mapping is divided into three macro-phases: upstream activities, operations carried out directly by the Group, and downstream activities.

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More specifically, the **upstream activities of the value chain** take account of the full set of interactions that the Terna Group has with its suppliers in order to ensure the proper conduct of operations. This phase includes both the procurement of materials and finished products, including the purchase of materials needed for the production processes of the subsidiaries and the purchase of finished products required for the Group's other activities, and the procurement of labour from third-party companies for the Terna Group's core activities, through works and service contracts, as well as for the subsidiaries. The main actors in this phase therefore include suppliers of materials and finished products and contractors.

In particular, during the analyses carried out with reference to 2025, also involving the companies of the Tamini Group, the Brugg Cables Group and the Altenia Group, the stability of the main supply categories at strategic and economic level was confirmed. These categories continue to be concentrated mainly in industrial and infrastructure areas closely connected with the Group's core business, such as the production of electrical and electronic components, the manufacture of machinery and equipment for the generation and transformation of electricity, and the construction of public utility works. These are complemented by supplies relating to the manufacture of structural metal products and the processing of base metals, including non-ferrous metals, as well as electrical installation activities.

The specific nature of the Group's business, which is characterised by the need to carry out maintenance work within short timeframes while ensuring the safety of the electricity system, means that supply contracts are predominantly for works, rather than supplies and services, and are mainly awarded to national operators or operators belonging to the European Union. The consolidated use of local suppliers also reduces the costs of transporting bulky and heavy materials and contributes to the reduction of its environmental impact[33].

The phase relating to **own operations** is in turn subdivided into:

- **Planning:** identification of the structural modifications necessary for the transmission system to optimally fulfil its function of safely and economically transporting the energy produced from the production areas to the distribution and load centres. Also included are activities related to the design of photovoltaic systems based on customer requirements;
- **Development:** grid development activities, and on the other hand the production of finished products required for grid development, such as transformers and high-voltage power cables and the construction and implementation of photovoltaic plants;
- **Maintenance:** preventive and corrective maintenance of electrical lines and substations through regular inspections and repair work to prevent and solve malfunctions, and maintenance of photovoltaic installations through the repair and regeneration of photovoltaic inverters;
- **Provision of products and services:** energy dispatching aimed at ensuring that the demand for electricity is always balanced by the energy produced by power plants through the coordination of production plants and the management of emergencies for the proper functioning of the electricity system. Also included in this sub-phase are consulting and the sale of finished products to customers, the installation and connection of photovoltaic systems to the electricity grid, and ordinary staff activities preparatory to the Group's activities.

The main actors in this phase include the Group's workers. In addition to these, for the performance of its so-called "Regulated Activities" the Group has business relations with various categories of operators. These include **dispatching users**, i.e. manufacturers, wholesalers and customers. Another significant group consists of the distribution companies and private grid operators involved in the transmission and aggregation of measures required for the regulation of the dispatching service.

Other business relations concern the **parties requesting the connection** of their plants to the National Transmission Grid, whether manufacturers or consumers, as well as so-called interruptible customers, i.e. those who, against payment of a fee, agree to temporarily interrupt their electricity supply to contribute to the security of the system. To these the Group offers specific contracts for the interruptibility service, aimed at mitigating the risk of widespread power blackouts and ensuring the stability of the electricity system.

[33] For more details on the management of relations with suppliers, see the specific section within the paragraph "Governance information".

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For the so-called "Non-Regulated Activities", the Group's business relations involve **corporate customers** of numerous companies belonging to a variety of sectors. For the design, manufacture, marketing and repair of transformers the Group serves players in the steel, metallurgical and electrochemical industries. The Group also works to ensure fast and reliable digital connections by supporting its partners in the development of smart solutions. This also includes the business of licensing the right to use optical fibre, within the scope of which the Group has contracts with several customers, mainly in the telecommunications sector. Finally, Terna develops energy solutions for companies that want to evaluate and integrate renewable energy plants, storage systems, and cogeneration solutions within their production process, also offering revamping/repowering solutions for photovoltaic plants.

Finally, the **activities carried out downstream in the value chain** focus on:

- **Transport and logistics:** activities related to the transport and logistics of finished products from production sites to end customers that are entrusted to specialised external partners able to guarantee product traceability;
- **Waste disposal and end-of-life products:** waste transport and disposal, also relating to end-of-life management of assets and works.

The main actors in this phase include third-party disposal companies.

For more information about the methodology adopted by the Group with reference to the mapping of its value chain, please refer to the paragraph "Double Materiality " within the Consolidated Sustainability Statement.

Benchmark SDGs

For Terna, the United Nations' Sustainable Development Goals ("SDGs"), forming the heart of the 2030 Agenda, provide 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 17 (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 referred to throughout the Report on Operations.

SDGs serving as value benchmarks for Terna



Ensure access to affordable, reliable, sustainable and modern energy for all.



Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation.



Take urgent action to combat climate change and its impacts.



Strengthen the means of implementation and revitalise the global partnership for sustainable development.

The changed socioeconomic environment, in recent years heavily impacted at global level by the effects of a series of events such as the high inflation and energy crisis caused by the conflicts in Ukraine and the Middle East, has, on the one hand, made it even more urgent to fully deliver the energy transition – also in terms of making Italy fully energy independent and secure – and, on the other, redefined it scope by including considerations relating to social equity and inclusion.

In other words, it is necessary for the path to decarbonisation to coincide with a restart of economies based around inclusive and resilient models. This must also take into account social aspects, with priority given to the need to combat the progressive erosion of social cohesion and, more generally, respect for human rights.

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Taken as a whole, the SDGs are also a clear benchmark from an operational standpoint to which Terna refers in carrying out its activities. The SDG's steer Terna towards achieving environmental objectives (e.g., efficient use of natural resources, respect for the environment, life under water, reduction of CO2 emissions, the reduction and recycling of waste), social objectives (quality education, respect of human rights and gender equality) and good governance objectives (fighting corruption and transparent reporting).

In this sense, Terna also strives to achieve SDGs 4 (Quality education), 5 (Gender equality), 8 (Decent work and economic growth), 10 (Reduced inequalities), 11 (Sustainable cities and communities), 12 (Responsible consumption and production), 14 (Life under water), 15 (Life on land) and 16 (Peace, justice and strong institutions).

Benchmark SDGs for the management of Terna's activities



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.



Reduce inequity within and among countries.



Conserve and sustainably use the oceans, seas and marine resources for sustainable development.



Achieve gender equality and empower all women and girls.



Make cities and human settlements inclusive, safe, resilient and sustainable.



Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



Ensure sustainable consumption and production patterns.



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

The SDGs undoubtedly represent a cornerstone for Terna, being an integral part of the orientation of the company's activities and cutting across various strategic areas within the Group's policies.

In fact, the SDGs are referred to in the Terna Group's Integrated Management System Policy as well as the Sustainability Policy, through which the Group's main sustainability commitments are outlined.

Another policy that refers to the SDGs is the Corporate Giving Policy, whose guidelines and priorities are established in implementation of corporate strategies, sustainability goals, any new information from stakeholders, the positioning of the company, and the evaluation of activities and plans already implemented and the results achieved. Specifically, the Terna Group is primarily focused on issues related to the pursuit of Goals 4, 9 and 11.

Finally, note that the Terna Group's Audit Plan also takes into consideration issues related to the SDGs, which therefore permeate the governance model and internal control system in keeping with the Company's mission and objectives.

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The Terna Group's operating performance

Regulated Activities 92

Non-Regulated Activities 117

International activities 123

The Terna Group's financial resources 124

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The Terna Group's operating activities in 2025 are divided into three areas of business. The main area is Regulated Activities, which coincides with the obligations deriving from the government concession, together with Non-Regulated Activities and International activities.

Regulated Activities

MDR-A

Progress of the main Development Plan projects

The main projects of the 2025 Development Plan and their related state of progress are summarised below. For further details on the 2025 Development Plan, please refer to the relevant paragraph in the section "The strategy – The 2025 Development Plan."



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INTERCONNECTORS AND LINES	STATUS	PURPOSE
Italy-France interconnection	●	◯ CO2 ⚡ ✳
Italy-Austria interconnection	●	◯ CO2 ✳
Elba-Mainland 132 kV power line ✓	●	◯ ⚡ ✳
Sardinia-Corsica-Italy interconnector (SA.CO.I.3)	○	◯ CO2 ⚡ ✳
HVDC Centre South - Centre North	○	◯ CO2 ⚡ ✳
HVDC Italy-Tunisia	○	◯ CO2 ⚡ ✳
HVDC Mainland-Sicily-Sardinia (West link/East link)	○	◯ CO2 ⚡ ✳
Chiaramonte-Gulfi-Ciminna 380 kV power line	○	◯ CO2 ⚡ ✳
Colunga-Calenzano 380 kV power line ✓	○	◯ CO2 ⚡ ✳
Cassano-Chiari (380 kV power line between Milan and Brescia)	○	◯ ⚡
Paternò-Pantano-Priolo 380 kV power line	●	◯ CO2 ⚡ ✳
Italy-Slovenia interconnection	◯	◯ CO2 ✳
Upgrade in the Mid Piave Valley	◯	CO2 ⚡ ✳
Gissi-Foggia (Foggia-Villanova 380 kV power line)	◯	◯ CO2 ⚡ ✳
North-Calabria Grid reorganisation (Laino Altomonte 380 kV power line)	○	◯ CO2 ⚡ ✳
HVDC Milan-Montalto	◯	◯ CO2
Central Link	◯	◯ CO2
HVDC Fiumesanto-Montalto (Sapei 2) and Sardinian Link	● ◯	◯ CO2
HVDC Priolo-Rossano-Montecorvino-Latina e HVDC Ionian	●	◯ CO2
HVDC Foggia-Villanova-Fano-Forlì	◯	◯ CO2
Restructuring metropolitan areas [34]	● ◯ ○	⚡ ✳
Italy-Switzerland Interconnector	◯	◯ CO2 ⚡ ✳
SUBSTATIONS		
Vizzini substation	●	CO2 ⚡ ✳
Pantano substation	●	◯ CO2 ⚡ ✳
Agnosine substation	○	CO2 ⚡ ✳
Cerignola substation	●	◯ CO2 ⚡ ✳
Ariano Irpino substation	○	◯ CO2 ⚡ ✳
Torremaggiore substation	○	◯ CO2 ⚡ ✳

Legenda Resiliece and Status

✓ Resilience plan ● Completed ○ Under construction ◯ Awaiting consents ◯ Study ◉ Consultation ● Under design ● Planned

Legenda Driver

CO2 De-carbonisation ◯ Market efficiency ⚡ Security of supply ✳ Systemic sustainability

[34] The overall project refers to projects 6-P, 10-P, 115-P, 317-P, 326-P, 404-P, 514-P of the 2025 Development Plan, published on the Company's website at the following link: https://www.terna.it/en/electric-system/efficient-territorial-planning/national-electricity-transmission-grid-development-plan.

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MDR-A

Security and Resilience Plan

The National Electricity System Security Protection Plan, also known as the Security Plan, is a four-year programme of interventions to protect the security of the electricity system. Prepared by Terna pursuant to Law 290 of 27 October 2003, the Plan is submitted to the Ministry of the Environment and Energy Security for approval by 31 May of each year.

With the 2024-2028 Industrial Plan update, the **2025 Security Plan** consists of **€2.3 billion** to enable the energy and digital transition of the grid, accelerating and enhancing priority initiatives for advanced and evolved management of the electricity system.

This Plan is the 22nd edition and identifies and updates the initiatives to protect the security of the electricity system envisaged for the four-year period 2025-2028 based on the following three strategic guidelines:

- **technology and innovation to support the system's security**, essential to deal with the evolution of the energy sector (increase in renewables, decommissioning of thermoelectric plants) with increasingly complex and critical management of the electricity system, while maintaining its high standards of safety, efficiency and reliability. In particular, the adoption of innovative technological solutions is a key tool to enable the infrastructure to self-regulate and improve stability, optimising operation and flexibility;
- **digitalisation to improve grid operation**, i.e. a digital transformation of the electricity system that involves every area of its management, from supervision to control and defence of the grid to impacting its infrastructure and assets. The digitalisation of the electricity system, which is necessary for an effective energy transition, cannot be separated from a major evolution and increasing integration between OT (Operational Technology) and IT (Information Technology) areas, i.e., between machinery control and data management, which offers great advantages and opportunities, but brings with it inevitable new cyber security risks. In this respect, the concept of cyber resilience is becoming increasingly important, identifying solutions which, also thanks to AI techniques, can prevent, detect, resist and respond to cyber-attacks or digital security incidents, while guaranteeing grid business continuity;
- **increasing the resilience of infrastructures with respect to severe weather events** by addressing a climatic transformation characterised by severe and increasingly intense and frequent weather events, both by building a robust and resilient grid and by harnessing the potential offered by infrastructure digitalisation to ensure safe, efficient operation of the electricity system following severe weather events.

The Security Plan also includes initiatives designed to upgrade management, control and defence systems for the grid, innovating operating logistics, digitising its infrastructure, installing system control devices and implementing solutions for the physical and cyber security of the grid assets.

Attached to the Security Plan is the **Resilience Plan**, a cross-cutting plan that establishes all the initiatives required to prevent and/or reduce damage to the electricity grid caused by increasingly severe and frequent weather events. The plan includes infrastructure work, assessed using the **Resilience Methodology** for snow and wind, as well as capital light initiatives which, thanks also to technology innovation, mitigate the effects and/or reduce outages following a severe weather event.

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The 2025 edition of the Resilience Plan also presents the progress of work on developing and refining the Resilience Methodology for modelling weather and climate-related events linked to hydrogeological instability, with a first pilot case for the assessment of river flooding risk in the portion of the Po river basin in Emilia-Romagna, a region historically exposed to flooding events.

PROJECTS	STATUS	DRIVER
Digitalisation of grid infrastructure	○	Market efficiency, Security of supply, Systemic sustainability
Work on withstanding snow, wind and other weather events ✓	○	De-carbonisation, Security of supply, Systemic sustainability
Voltage regulation and dynamic stability devices	○	Market efficiency, De-carbonisation, Security of supply, Systemic sustainability
Cyber Security and physical security of the network assets	○	Security of supply, Systemic sustainability
Dispatching, control and protection of the NTG	○	Market efficiency, De-carbonisation, Security of supply, Systemic sustainability

Legenda Resiliece and Status

✓ Resilience plan | Completed | Under construction | Awaiting consents | Study | Consultation | Under design | Planned

Legenda Driver

De-carbonisation | Market efficiency | Security of supply | Systemic sustainability



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Infrastructure maintenance

MDR-A

The maintenance of NTG plants is an essential activity to guarantee the quality of service, the safety of managed assets (power lines and substations) and the maintenance of their performance during their life cycle. It is carried out continuously during and throughout the years, and follows a mainly condition-based approach. However, a number of projects are under way to move a portion of activities towards a predictive and risk-based maintenance model.

The IT and digital tools used today to support maintenance activities primarily include:

- the **MBI (Monitoring and Business Intelligence)** decision-support system, which suggests maintenance activities to be carried out and indicates whether or not they can be postponed;
- the **WFM (Work Force Management)** software, which manages the workforce by planning and scheduling MBI maintenance activities.

At the same time, in a context of great digital change and transformation, a new platform is being developed, **Enterprise Asset Management (EAM)**, which will improve the management of NTG assets throughout their entire life cycle, optimising the management of:

- registry of assets;
- activity and discrepancy catalogues;
- policies (including diagnostic models and eligibility index calculation models[35]);
- catalogue of working methods in line with Asset Management (AM) processes;

while enabling efficient planning and technical-economic reporting of the Asset Management Plan and AM Programmes.

From January 2025, the new asset registry model was introduced into the Enterprise Asset Management platform, which is more closely aligned with the actual physical structure of the network: the robustness of this model has increased the quality of the data and enabled the introduction of new advanced data registry processing functions.

In addition, Terna has participated for many years in international benchmarking activities aimed at sharing O&M and renewal best practices, consistently ranking among the best TSOs in terms of asset management process efficiency and optimal service provision quality[36].

MDR-A

Monitoring the grid

Monitoring initiatives, which take place periodically throughout the year, are designed to assess the condition of a specific high-voltage power line or substation component during its life cycle, by measuring, observing or testing its functionality. For overhead and cable lines, monitoring is carried out by means of visual inspections from the ground and from a helicopter (visual, using IR[37] and Lidar[38]). Similarly, substations are subject to periodic surveillance checks, technical checks of entire functional units and Command and Control Protection Systems, thermo-visual technical checks of station equipment and checks of auxiliary services[39].

[35] Parameters through which asset work timeframes are established.
[36] As certified by the ITAMS 2024 report, Terna was confirmed among the top performers in Asset Management processes and in operational performance.
[37] Infrared light.
[38] Remote sensing technology that allows the user to determine the distance between trees and overhead lines in the context being examined.
[39] Ancillary services are the group of electrical components that distribute electricity to electrical equipment at substations (relay, motors, electronic components) in the primary system and the Command & Control Protection System (SPCC). Ancillary services include batteries.

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Routine maintenance

MDR-A

Routine maintenance initiatives are carried out during the year when signs of deterioration are identified as a result of the on-site monitoring process or through the analysis of on-line sensor data. These indications and any problems identified are processed by the asset engineering models included in MBI and developed by the Asset Management department in agreement with other departments within the Company. The outcome of the engineering models is used to draw up the maintenance plan designed to ensure that assets continue to be fit for purpose over time.

Renewal Plan

MDR-A

The Renewal Plan, developed on a five-year basis and referring to the years 2024-2028, is based on an analytical method that, starting from consistent, objective technical criteria, identifies and evaluates **extraordinary maintenance works** (renewal), assessing the state of repair and technical status of line components and substation equipment, compared with the effective operating conditions they have to deal with and prioritising components and infrastructure of greater importance for operation of the electricity grid.

The objective of the condition-based plant renewal process is to focus only on those parts of the plant that actually require attention, to maximise plant use at a minimum cost (keeping each individual component in service and efficient for as long as possible), and to implement a long-term plan based on the priority of the works needed.

The Renewal Plan is divided into the following categories of benefit, which include the "Renewal Objectives":

- **Sustainability**:
  - **Environmental quality:** the introduction of more environmentally friendly and sustainable assets, such as vegetable oil transformers, fluid oil cables and certain types of cable terminals, or the technical adaptation of lines/underground cables and the replacement of current and voltage transformers;
  - **Service quality:** implementation of solutions to improve the reliability of assets, based on asset management analysis (designed to assess the asset's technical conditions). By improving their reliability, the works reduce the Health Index score and the risk of outages. These include, for example, investments in the renewal of lines, the RIGEL (Reduction of Power Line Failures) programme and substation renewal (equipment and machinery).
- **Innovation and digitalisation:**
  - **O&M process quality:** introduction of new solutions and technologies to improve the effectiveness of the operation and maintenance process, such as investments in the new digital station control system, online diagnostics of substation equipment and overhead lines, cable monitoring and functional separations.
- **Resilience:**
  - Strengthening the grid's ability to withstand the effects of the snow risk, the exposure of lines to hydrogeological risk and substation exposure to seismic risk. This family includes, for example, investments in increasing the resilience of lines and substations in the event of snow, and the installation of hydrogeological monitoring devices and seismic dampers.

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MDR-A

Asset digitalisation programmes

In order to improve and digitalise the Asset Management process (power lines and substation), the following digitalisation programmes were implemented some time ago:

- **DIgiS (Digitalisation of substation):** aims to upgrade the functions provided by the Substation Automation Systems (SAS or SPCC), facilitating Terna's process of transitioning towards an increasingly efficient, innovative and smart digital asset management approach. These activities are designed to optimise the performance of the Substation Automation Systems for the safety and reliability of the grid, and provide a monitoring system that is increasingly focused on the state of function/disrepair of the systems, equipment and substation machinery;
- **DIgiC (Digitalisation of cables):** initiated in 2018, the plan includes the installation of monitoring systems on existing connections already in operation. In addition, the plan requires for all new cable connections to be planned and installed with an integrated monitoring system. The data collected, regarding the cable's technical condition, will be used to implement a predictive, preventive maintenance system, designed to establish the time remaining before a fault occurs and subsequently take preventive action;
- **DigiL (Digitalisation of power lines):** the plan aims to create an integrated system to measure, collect and process data in real time, with regard to the environmental and operating conditions of overhead power lines. The spans involved in these initiatives are appropriately identified between the critical high-voltage lines, in order to optimise their operation;
- **Private mobile network:** during 2025, to complete the private radio-frequency network infrastructure built in 2024, Terna introduced a mobile network solution designed to increase the resilience of connectivity on the major islands, Sicily and Sardinia, with the aim of ensuring continuity, reliability and quality of connectivity in support of the National Transmission Grid (NTG). In parallel, the procurement process aimed at acquiring a proprietary 5G Private Network was pursued, based on a fully dedicated, proprietary radio infrastructure and core network, in line with the development path defined in previous years. The 5G Stand Alone (5G SA) solution provides for the implementation of radio coverage at substations and along sections of high-voltage lines located in areas not adequately served by the public network, with the aim of integrating further solutions capable of ensuring optimal management and monitoring of the NTG by leveraging the most advanced technologies available on the market. The evolution of the private mobile network will make it possible to adopt advanced predictive maintenance models, achieve greater optimisation of network flows and significantly increase the overall resilience of the NTG, enabling a fully integrated private mobile platform designed to support future scenarios of digitalisation, automation and security of the national electricity system.



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Maintenance operations

Below is a summary of the main data related to the maintenance operations of the NTG plants carried out in 2025, collected through specific reports for the monitoring and quantification thereof.

INFRASTRUCTURE MONITORING AND CONTROL

~45,400
substation inspections at a range of voltage levels

~3.2
average number of inspections per year per overhead line

~227,500 km
ground and helicopter inspections of overhead lines

~120,900 km
inspections of underground cable lines

~182,000 km
helicopter inspections of overhead lines

~42
average number of inspections per year per underground cable

ROUTINE MAINTENANCE

~15,500 km
of power lines on which vegetation was cut back to ensure their correct and safe operation

~1,200
monitoring checks and maintenance work carried out using live-line working

EXTRAORDINARY MAINTENANCE

Lines

~1,300 km
of conductors replaced

~2,800 km
of ground wires replaced

214
pylons replaced

Substations

18
static machines replaced

101
circuit breakers replaced

198
disconnectors replaced

443
current transformers replaced

557
voltage transformers replaced

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The Group's capital expenditure

The Terna Group's **total capital expenditure** in 2025 amounts to **€3,514.9 million**, an increase compared with €2,692.1 million in the previous year **(up 30.6%)**.

(€m)

	2025	2024	CHANGE	% CHANGE
Development Plan [1]	1,992.2	1,534.0	458.2	29.9%
Security Plan [1]	430.6	293.4	137.2	46.8%
Renewal of electricity assets [1]	612.7	524.7	88.0	16.8%
Other capital expenditure [1]	286.1	217.3	68.8	31.7%
Total Regulated Assets	**3,321.6**	**2,569.4**	**752.2**	**29.3%**
Non-Regulated Assets [2]	**71.6**	**48.5**	**23.1**	**47.6%**
Capitalised financial expenses	121.7	74.2	47.5	64.0%
Total capital expenditure	**3,514.9**	**2,692.1**	**822.8**	**30.6%**

(1) *The data for 2024 have been restated due to changes in the investment purpose, without modifying the overall value of capital expenditure in regulated assets.*
(2) *Capital expenditure in non-regulated assets primarily regard the re-routing of power lines for third parties and non-core business companies of the Group.*



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Main regulated works carried out during the year

> DEVELOPMENT PLAN - €1,992.2 million

Tyrrhenian Link *(€782.7 million)*

East Link

Cable connections: laying of the pole 1 marine cable has been completed. Marine cable laying activities for pole 2 are in progress, together with the civil works for the installation of the land cable for poles 1 and 2, with progress in Sicily reaching 83% of trench excavation and 73% of cable laying, and in Campania 91% of trench excavation and 60% of cable laying.

Converter substations: assembly of the control building at Eboli and the transformer foundations at Termini Imerese have been completed, as has the production of the valves and transformers for both sites. Production of the electromechanical equipment and the remaining prefabricated buildings is under way, together with on-site construction activities on buildings and transformer foundations at both Eboli and Termini Imerese.

West Link

Cable connections: laying of the pole 1 marine cable has been completed at the beginning of 2026. Civil works for the installation of the land cable for poles 1 and 2 are under way, with progress in Sicily reaching 46% of trench excavation and in Sardinia 22% of trench excavation and 14% of cable laying.

Converter substations: production of the electromechanical equipment and the main prefabricated buildings is under way, together with the civil works at both substation sites; site preparation activities have been carried out, and removal of the last interfering 150 kV line at the Termini Imerese site is under way.

SA.CO.I.3 *(€165.8 million)*

Cable connections: construction works are under way for the land-sea landings for the power cables at Salivoli, Bonifacio and Santa Teresa Gallura, and for the electrode at San Vincenzo (LI). Work has begun on the construction of the land cable duct in Tuscany.

Converter substations: construction sites at Suvereto and Codrongianos have been opened, and excavation works are under way for the foundations of the valve hall and the service building.

Overhead line in Corsica: the first phase of the works under the SA.CO.I.2 outage window scheduled for 2025 has been completed, involving the replacement of 12 pylons along the Lucciana-Bonifacio line; foundation reinforcement works and access-track upgrading are under way.

Adriatic Link *(€155.7 million)*

Cable connections: approximately 8.8 km of land cable out of 34.0 km have been installed in Marche, and 0.6 km out of 46.0 km in Abruzzo. Production of the submarine cable is under way, with progress at 19%, together with qualification tests on both the submarine and land cables.

Converter substations: fencing and work site roads at Fano have been completed, and the Cepagatti construction site was opened in December. Production of some of the main equipment, such as converters and the control system, is under way.

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Chiaramonte Gulfi-Ciminna *(€83.4 million)*

The main supply orders have been placed; construction sites were opened in May and works started in July, with about 21% of the foundations completed and about 2% of the supports assembled out of a total of 397.

Olympics Projects *(€82.1 million)*

Livigno connection: the plant entered into operation in November.

Laion primary substation - Corvara primary substations and Corvara reactor: these plants entered into operation in September.

Moena substation - Campitello primary substation: the cable connection entered into operation in October on a temporary configuration at the Moena substation, where installation of the compact bay (Gas Insulated Switchgear - GIS) is scheduled for 2026.

Brunico primary substation - Vandoies substation: excavation and cable laying for approximately 77% and 71% respectively of the total 21.5 km connection are under way; jointing started, with around 48% of the 31 total joints/terminals completed. The Vandoies substation entered into operation via overhead connections in December.

Bolano-Annunziata *(€69.6 million)*

Bolano-Annunziata 380 kV cable variant: 91% of the excavation of the total 3.3 km of connection has been completed and cable laying, jointing and related joint shielding activities are under way.

Annunziata substation: the structural works of the compact bay (GIS) building have been completed. Activities are under way for the preparation of the access roads and the other common substation works.

Bolano substation: the authorisation procedure and the design of the civil works have been completed, and the contract is being formalised.

Doubling of the 380 kV Bolano-Annunziata: production of the marine cable has been completed and the first tests have started. The construction site for the civil works at the landing point in Sicily has been opened, and the areas for the start of the landing works in Calabria have been handed over.

Colunga-Calenzano power line *(€56.8 million)*

380 kV Colunga-Calenzano power line: approximately 86% of the foundations have been completed, around 65% of the pylons are currently being assembled, and about 46% of the conductors have been strung. A first section of the Colunga–S. Benedetto Querceto line was put into operation in April and September, covering a total of 16.7 km.

Cassano-Chiari power line *€20.9 million)*

380 kV Cassano-Chiari power line: completed the construction of approximately 87% of the foundations and the erection of approximately 74% of the supports out of a total of 70; completed the stringing of approximately 61% of the cables on a total of 35.3 km of connection.

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Paternò-Pantano-Priolo *(€20.6 million)*

Pantano-Priolo 380 kV power line: in operation since October.

Pantano 380/220/150 kV substation: finishing is in progress and assembly and energisation of the second transformer, of the total three planned, have been completed.

> SECURITY PLAN[40] - €430.6 million

Synchronous compensators *(€86.5 million)*

Aurelia compensator: it entered operation in April.

Other sites (Caracoli, Forlì, Troia): supplies began after the awarding of contracts. At the Troia site, construction sites have been opened and work has started on the 380 kV bay. At the Caracoli site, the construction site was opened.

Stabilising resistors *(€18.2 million)*

Rizziconi: entered into operation in December.

Scandale: electromechanical assembly completed; testing activities started.

Feroleto: civil works under way.

Other sites (Melilli, Brindisi): areas handed over to the contractor in October and December, respectively, and site set-up activities under way.

Reactors *€12.8 million)*

Nogarole and Chiari: they entered service in April.

Sandrigo and Cirè: entered into operation in October and November, respectively.

Fiber for the Grid *(€10.1 million)*

This project aims to boost the availability of data on the grid in order to make it easier to monitor and manage the security of the electricity system, by increasing and expanding the fibre optic network.
In 2025, 17 substations were connected via proprietary fibre, adding to a total of 588 remotely operated substations.

> PROJECTS TO RENEW ELECTRICITY ASSETS - €612.7 million

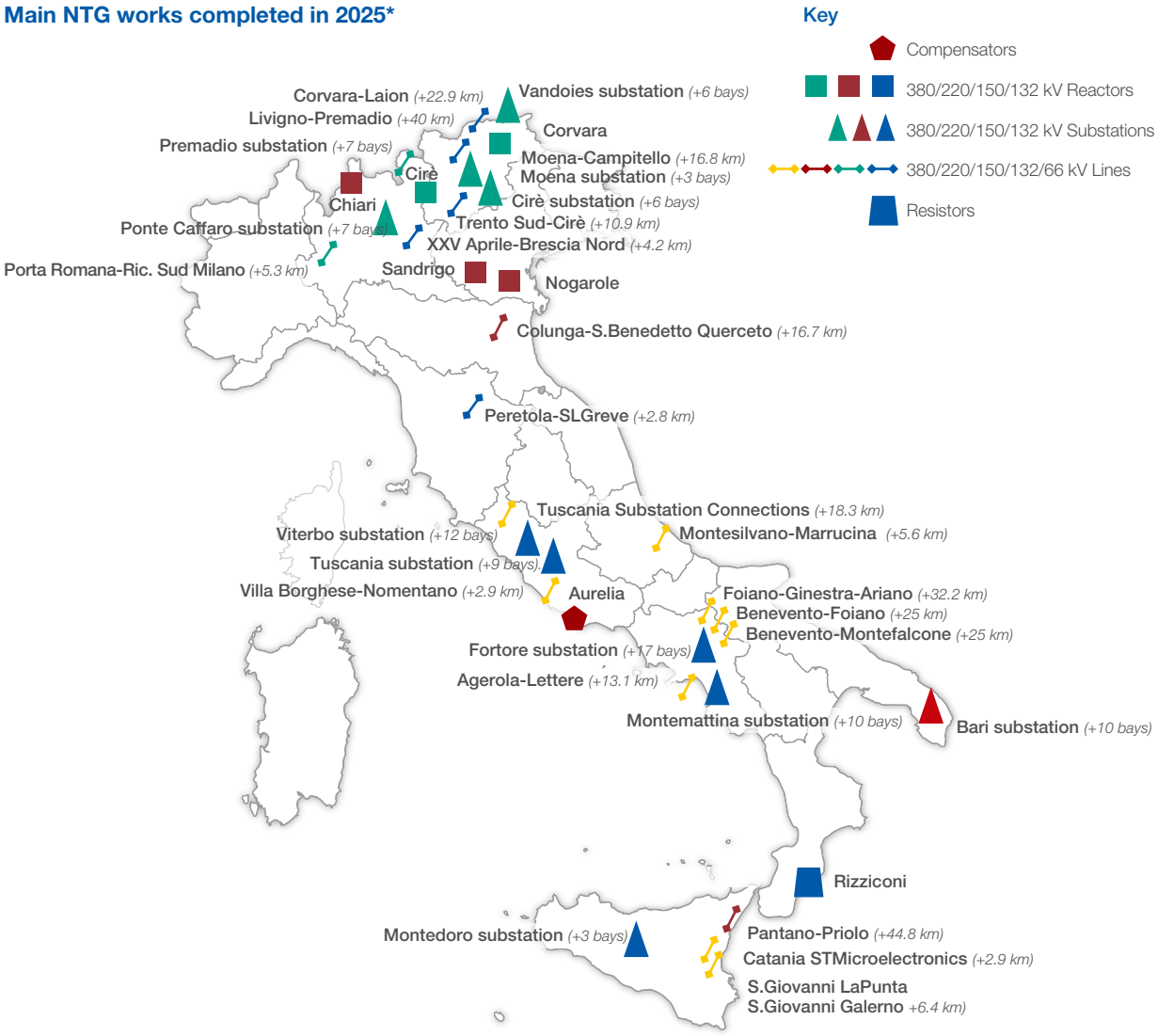
Renewal of electricity assets

Fulfilment of the commitment to carry out works to renew electricity assets to improve the reliability and resilience of the NTG has continued.
After the overhead line and substation machinery renewal, around 1,298 km of circuits and 18 machines (7 autotransformers, 2 transformers, and 9 reactors) were replaced as at 31 December 2025.

[40] Synchronous compensators devices and reactors are grid components that carry out reactive compensation, while stabilising resistors are devices that provide dynamic stability and damping of grid oscillations and can be used in restart strategies to mitigate disturbances from renewable sources.

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Main NTG works completed in 2025*



** The data shown include the works completed to replace eventual disposals/demolition. The length of the lines is shown in km of circuits.*

Research and development

In 2025 the Terna Group invested approximately €9.5 million in research and development and incurred costs of approximately €10.1 million.

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Key dispatching events in 2025

Despite particularly challenging operating conditions, in 2025 Terna again **guaranteed the continuity and security of the electricity service to the country**. The grid experienced record levels of production from renewable sources and was subject to changes in the consumption patterns, with highly volatile weather conditions. Nevertheless, Terna ensured a secure operation thanks to grid development works and by optimising operating processes to support planning and real-time management. Terna is still committed to maximising the withdrawal of renewable energy.

Dispatched Renewable Sources (Peak production)

In 2025, renewable energy generation accounted for approximately 41% (provisional data) of total demand covered by renewable energy sources, compared with 42% in 2024. For further details, please refer to the paragraph "Electricity demand and production in Italy in 2025" within the section "Reference scenarios".

Hourly wind generation amounted to 8.3 GWh, in line with the record levels of previous years.
Photovoltaic generation continued to surpass historical records in 2025, also thanks to the growth in installed capacity, reaching 23.73 GWh in July (provisional data), which on that occasion covered around 52% of Italy's electricity demand.
Expanding the scope and considering Italy's electricity demand covered by RES - thus including hydroelectric, photovoltaic, wind, geothermal and biomass energy - a maximum hourly volume of 35.3 GWh was recorded in 2025 (provisional data). The highest load was recorded in July with a peak of 55.5 GW.
Terna remains committed to maximising the withdrawal of energy produced from renewable sources through low-cost projects (so-called **capital light**) both between market zones to increase transit limits and within the same zones. These actions include, in particular, the removal of limiting elements from the high-voltage bays of substations belonging to the relevant grid (whether owned by Terna or third parties), the expansion of the perimeter of lines equipped with Dynamic Thermal Rating (DTR) technology, and the strengthening of the Defence Systems. In addition, the continuous commitment also involves optimising the use of assets in real time to ensure the secure maximum dispatching of wind energy.

Re-ignition and re-feeding tests anti "Black-out"

In 2025 three live blackout recovery tests were carried out, necessary to verify the operating conditions of the electricity system and to improve its efficiency by ensuring a rapid resumption of service in the event of a blackout.

In November, the test in Sardinia was carried out on the restoration corridor involving the black-start Turbogas plant and the Assemini BESS, used as a regulating load. The test involved part of the 220 kV electricity grid between the Rumianca and Codrongianos substations.

At the end of November, a test was carried out on the terminal section of the repowering corridor from abroad coming from France. The test involved part of the 380 kV grid between the Foggia substation and the Enipower Brindisi plant, synchronising one of the units of that plant with the transmission grid.

In October, the test of a new reset unit was carried out in Tuscany. The test involved the Torrite plant, the Pian della Rocca, Vinchiana, Marginone, Collesalvetti and Acciaiolo substations, and part of the connected 132 kV grid, while restoring the 132 kV loads of Montecatini, Pistoia and Visignano.

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Electrochemical storage (Fast Reserve and Capacity Market)

The progressive reduction of an electricity system's inertia usually results in an increase in frequency variations. These must be contained with extremely rapid response timeframes, not always compatible with the current contribution of the traditional power generator's primary regulation, above all during the phase-out of coal-powered plants that are characterised by particularly fast response times when resolving initial frequency issues.

To support grid management, Terna has activated the Fast Reserve pilot project, approved by ARERA with Resolution no. 200/2020/R/eel as part of the pilot projects defined in Resolution no. 300/2017R/eel, which envisages an experiment to improve the dynamic response of the system in the first instances of frequency transients through the use of electrochemical storage (BESS). This new service was procured through an auction with five-year contracts: approximately 170 MW will be in operation by the end of 2025.

The assets taking part in the project are able to provide voltage solutions with activation times no longer than one second, which can be triggered by appropriate automatic local logistics and through remote controlling by operators at the National Control Centre.

In order to meet the challenges of the new generation scenarios with increasing penetration of renewables and to provide a broad spectrum of services for the system, additional procurement of electrochemical storage capacity (BESS) was also introduced through Capacity Market auctions for a total of about 1,850 MW of contracted power, of which 1,600 MW will be in operation by the end of 2025. In addition to supporting the adequacy of the electricity system by storing energy during the hours of high availability of renewable sources and then returning it to the system when it is most useful, these plants also have a very fast power response that makes them fundamental in the process of managing the phase-out of conventional generation, as they are able to supply/absorb active/reactive power from the grid in a very short time, contributing in a timely manner to efficiently support the various grid adjustments.

These plants are used for power frequency containment reserves (FCR), automatic frequency restoration reserves (aFRR), and manual frequency restoration reserves (mFRR). In particular, as at the end of December 2025, around 1,020 MW of half-band capacity was enabled and linked to the national frequency/power regulator.

Due to their flexibility, BESS are also used for non-frequency ancillary services (e.g. voltage regulation and extraordinary modulation).

On 30 September 2025, the first MACSE auction (Electricity Storage Procurement Mechanism) was held. Ten GWh of storage capacity was allocated in Southern Italy and the Islands, equal to 100% of the required capacity. The auction results showed significant market interest, with supply exceeding demand by more than four times and a weighted average allocation price of approximately €13,000/MWh-year. The facilities contracted during the first MACSE auction - lithium-ion battery systems - are scheduled to enter into operation in 2028.

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Compensation methods

As part of the Plan to Improve the Defence System for the Security of the National Electricity System (Security Plan), in order to contain high-voltage levels, Terna has drawn up an important plan to install devices regulating reactive power levels.

In 2025, four new reactors were installed in Northern Italy.

Also in 2025, one synchronous compensator was installed, bringing the total number of machines in operation to 17. These will contribute to voltage regulation in the installation areas, while also providing the system with inertia and short-circuit power, traditionally supplied by conventional plants based on synchronous generators, which in the coming years will see a reduction in hours in service and/or decommissioning.

Finally, during the year, the first stabilising resistor was brought into operation, a device capable of ensuring dynamic stability and damping grid oscillations during periods of high RES generation.

ENTSO-E (European Network of Transmission System Operators for Energy)

Blackout in the Iberian Peninsula

On 28 April 2025, the electricity systems of Spain and Portugal suffered a total blackout. The event also caused some grid disturbances in south-western France, but had no impact on the rest of the European electricity system.

On 12 May 2025, in accordance with EU Regulation 2017/1485 System Operation Guideline (SOGL) and the Incident Classification Scale (ICS) Methodology, ENTSO-E set up an Expert Panel comprising 45 experts from TSOs, ACER, NRAs and RCCs to investigate an incident classified as ICS Scale 3 - blackout.

The first phase of the investigation - data collection and objective reconstruction of events - was completed with the publication of the factual report on 3 October 2025, which highlighted the unprecedented nature of the incident, marked by a cascade of generation disconnections associated with voltage increases.

The second phase of analysis and further investigation is currently under way.

Baltic TSO Permanent Synchronisation

On 25 November 2025, the Regional Group Continental Europe (RGCE) definitively approved the permanent synchronisation of Estonia, Latvia and Lithuania, following the successful completion of the tests and the trial operating period. Terna contributed to the process by providing support in technical checks and in monitoring the preparatory activities carried out within the RGCE.

At the same time, the Baltic TSOs acceded to the main operational and financial agreements of Continental Europe, including the Synchronous Area Framework Agreement (SAFA) and the RGCE Framework Agreement.

System Operations Regions (SOR) Amendment

In line with the provisions of article 36 of the Electricity Regulation (2019/91), Annex II of the Joint Declaration of the TSOs of the Energy Community of South-East Europe, and ACER Decision 10/2025 on the new configuration of the Capacity Calculation Regions, the "SOR Amendment project" working group was established within ENTSO-E to develop a proposal for a new configuration of the System Operation Regions (SORs), both for the Central SOR and the South East Europe (SEE) SOR, and to integrate the TSOs of the balkan area into the existing regions, following their commitment to comply with EU regulations. In addition, the working group was asked to draw up a proposal for the integration of Ukrenergo and Moldelectrica into the SOR framework through the definition of a new SOR, the Eastern Europe SOR.

The proposal for the new SOR configuration must specify the CCRs (Capacity Calculation Regions), the BZs (Bidding Zones) and the OCRs (Outage Coordination Regions) belonging to it.

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Terna Deputy-chairmanship of the Regional Group Continental Europe (RGCE)

From 27 September 2025, Terna took on the Deputy Chairmanship of the Regional Group Continental Europe (RGCE) within the System Operations Committee (SOC) of ENTSO-E, the decision-making body that coordinates the operational management of the Continental Europe Synchronous Area. The RGCE is the reference body for all shared decisions among TSOs concerning operational procedures and the definition of technical standards that ensure the reliability of the electricity system of the CESA.

Overseas exchange

2025 ended with record figures in terms of volumes exchanged with other countries paired in the Market Coupling (up 5.3% compared to 2024). Volumes traded via SDAC (Single Day-Ahead Coupling) and SIDC (Single Intra-Day Coupling) in 2025 account for about 56% of the total volumes traded abroad.

In 2025, net electricity imports amounted to 46.9 TWh, down 8% compared with 2024. This reflected a 7.4% decrease in imports, while exports remained broadly in line with 2024.

Prevention and management of electricity system emergencies

In 2025, Italy recorded a further increase in extreme weather events: according to Legambiente's City Climate Observatory[41], 376 events were recorded, an increase of around 6% compared with 2024, with particularly high figures for events linked to extreme temperatures. The regions most affected were Lombardy, Sicily and Tuscany, while cities such as Genoa, Messina, Turin and Florence showed a significant concentration of critical episodes.

In this context, Terna ensured continuity and quality of electricity service through constant operational oversight of the control rooms, managing critical situations associated with heavy rain, lightning strikes, fires in industrial areas and local faults on the grid. Coordination with the Plant Units, the Fire Brigade and local distributors, together with the updating of protocols with the DSOs, ensured a stable flow of information and a prompt response even at the most delicate moments.

During the year, the Civil Protection system carried out large-scale exercises, including EXE Flegrei 2025, dedicated to verifying assisted evacuation procedures in the Naples area. These activities involved urban areas and logistics hubs close to territorial operating centres, including the Pozzuoli area, where CCTCS Naples is located, also leading Terna to align its own internal continuity checks and disaster recovery measures for infrastructure located in sensitive areas.

The adoption of advanced digital tools for real-time monitoring, the integration of information flows with local stakeholders and the application of consolidated procedures have confirmed the resilience of the National Transmission Grid, allowing Terna to maintain high standards of safety and continuity of service even in a year characterised by particularly challenging weather conditions.

Integrated Electricity Dispatching Act (*Testo Integrato del Dispacciamento Elettrico* - TIDE)

In line with the provisions approved by Resolution no. 499/2024/R/eel concerning amendments to the Grid Code for the transitional period of the Integrated Electricity Dispatching Text (TIDE), Resolution no. 566/2025/R/eel was published on 23 December 2025, positively verifying the amendments to the Grid Code required for the launch of the TIDE consolidation phase, which, pursuant to Resolution no. 304/2024/R/eel and the related implementation phases, entered into force on 1 February 2026, except for the procurement of FCR through market-based auctions, which, by Resolution no. 51/2026/R/EEL, has been postponed to 3 June 2026.

[41] Source: City Climate Observatory Legambiente - 2025 Financial statements.

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During 2025, by means of Resolution no. 227/2025/R/eel, TIDE was updated to incorporate the rules relating to resources benefiting from the support mechanism (Transitional RES-X Decree). The resulting updates to the Grid Code took into account both those changes and the shift in the closure time of the Intra-day Market (MI), with Gate Closure brought forward to 30 minutes, effective from 14 January 2026 during the transitional phase.

The launch of the consolidation phase from 1 February 2026 therefore entailed major updates in 2025 to dispatching systems and procedures, together with new rounds of consultation.

The main new features introduced during the consolidation phase can be summarised as follows:

- the Production Units (PUs) enabled as Single Enabled Units (SEU) during the transitional phase remain confirmed as UAS in the consolidation phase as well, except where the Balancing Service Provider (BSP) chooses to aggregate them into a Nodal Enabled Virtual Unit (NEVU), since revision of the code for this specific case has been postponed to a later round in 2026;
- changes were made to integrate the management of storage systems associated with sections of generation plants using other sources, whether renewable or non-renewable and whether programmable or non-programmable, the so-called mixed SEUs;
- the mixed service and the related fees were regulated for generation and pumping plants on separate sections capable of providing the simultaneous operating service;
- the pilot projects associated with Mixed Enabled Virtual Units (MEVUs), namely Zonal Enabled Virtual Units (ZEVUs) and Transitional Enabled Virtual Units (TEVUs) during the transitional phase, will expire on 31 January 2026, but may be aggregated, subject to re-enablement by the BSP, either as a Zonal Aggregate (ZAVUs) or as a Nodal Aggregate (NAVUs);
- the Grid Code introduced the rules governing the participation of ZAVU in the Balancing Market (MBR) in the event of disconnection from European platforms, as well as the management of SEU enabled on a voluntary basis and of NAVUs that do not contain mandatory SEUs.

Both consolidation and final activities will continue during 2026, as agreed with ARERA.



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Electricity market and cost trends

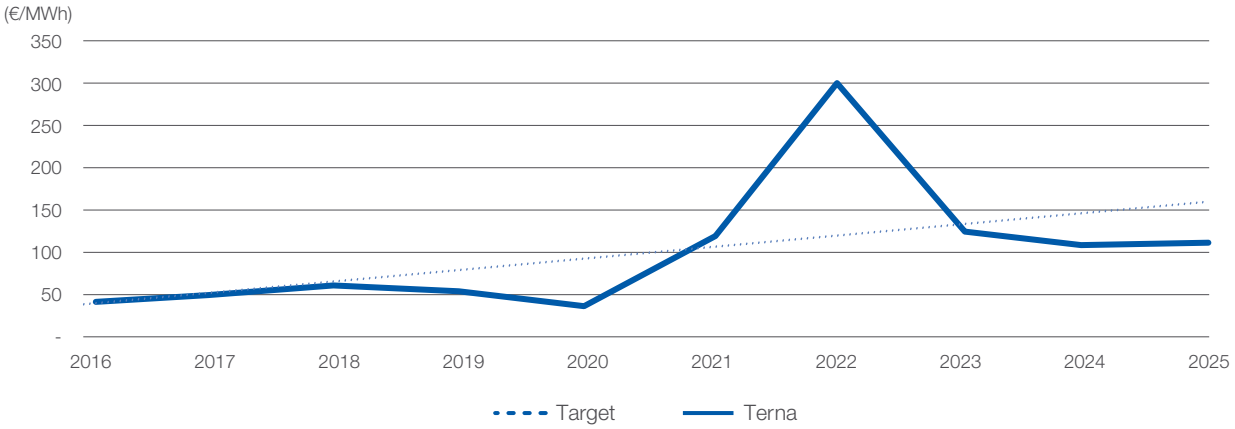
Electricity prices

The average hourly price on the Italian Power Exchange (PUN Index GME[42] – Single National Price) for 2025 was €115 per MWh, up 5.5% compared with 2024. This increase was mainly due to the increase in commodity prices, in particular gas.

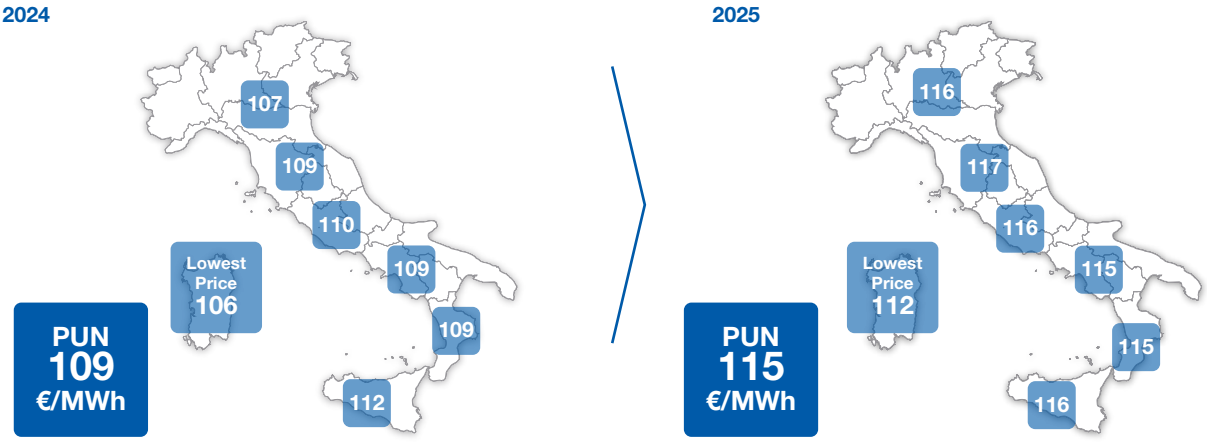
The Day-Ahead Market (DAM), where zonal prices are formed and where the PUN Index GME is calculated, is determined by the supply-and-demand mechanism. In Italy, however, it must necessarily take account of the country's geography, the physical characteristics of the power grid, and the location of plants and consumption points, all of which can give rise to grid congestion. This means that there are a number of "bottlenecks" on the transmission grid, which have made it necessary to identify "market zones" and set transmission limits. Eliminating these bottlenecks is one of Terna's tasks, above all through development of the grid.

The following chart shows the trend in the PUN, which became the PUN Index and has been calculated ex post since 1 January 2025, over the last ten years, highlighting that the **downward trend up to 2020 was sharply reversed by the steep rises in 2021 and 2022**, mainly attributable to the trend in commodity prices during the post-pandemic recovery and the outbreak of the conflict in Ukraine, **before falling back to 2021 levels**. In 2023, in fact, the record increases in 2022 were effectively unwound thanks to the gradual easing of instability, which led to lower commodity prices, especially gas, which also broadly returned to 2021 levels. Even so, electricity prices did not return to pre-pandemic levels, remaining stable in 2024 and 2025.

Performance of the single national price (PUN) since 2016



Over the years, prices in the principal zones that make up the Italian electricity market and the Single National Price (PUN) have fallen into line.



[42] Note that 2024 was the last year of validity of the Single National Price, which was superseded on 1 January 2025 by the PUN Index GME (a reference index calculated as a continuation of the PUN, albeit on a final basis).

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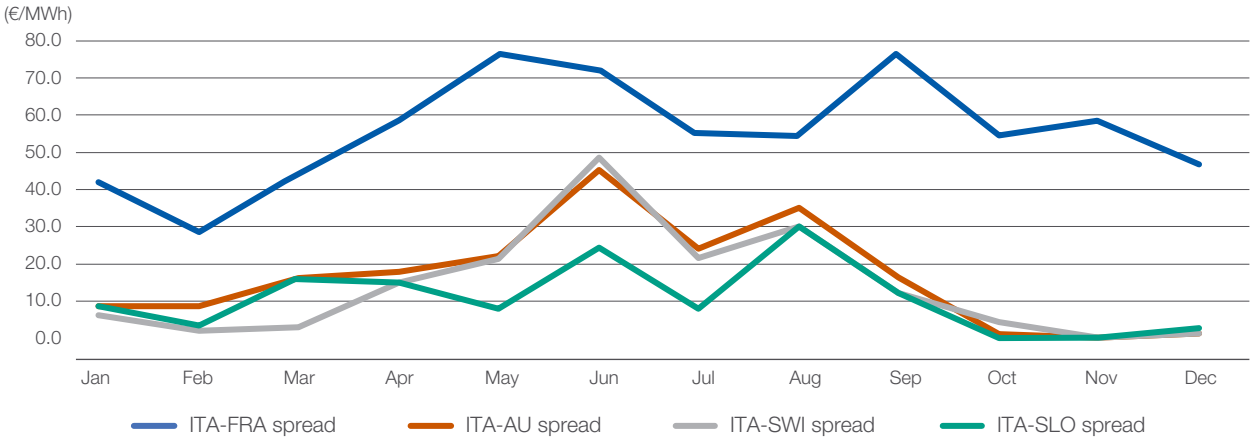
Cross-border exchanges

Trade with other countries across the northern border, equal to approximately 48 TWh in 2025, saw a slight decrease from the figure of approximately 49 TWh recorded in 2024.

Prices on the French (PNX), Austrian (EEX), Swiss (EPEX Spot) and Slovenian (BSP SouthPool) exchanges in 2025 rose compared with the previous year, in line with the increase in commodity prices (especially the price of gas).

The increasing variability of energy prices is a direct consequence of the changing electricity mix, which is increasingly dominated by intermittent sources such as wind and solar. In the past, the European mix was characterised by programmable sources such as nuclear, coal and gas, with countries such as Germany and France offering lower prices thanks to coal and nuclear power plants, exporting energy to Italy. Today, the spread of renewables and the transition towards decarbonisation are leading to more frequent price fluctuations and market conditions that may reverse traditional energy cost balances. This trend explains why, in the chart below, the monthly spread between Italy and Slovenia, Italy and Austria, and Italy and Switzerland is close to zero in October, November and December.

Monthly spread for energy price compared to France (PNX9), Austria (EEX), Switzerland (EPEX Spot) and Slovenia (BSP SouthPool)



The prices of France, Austria, Slovenia and Switzerland in 2025 also increased. Specifically:

- Powernext (French price) average annual price was €61 per MWh (up €3 per MWh or up 6% compared with the previous year);
- EEX (Austrian price): the average annual price was €99 per MWh (up €17 per MWh, or up 21% compared with the previous year);
- BSP SouthPool (Slovenian price): price differentials compared with Italy showed a more limited trend than in the case of France. The average annual price was €105 per MWh (up €13 per MWh, or up 15% compared with the previous year);
- EPEX Spot (Swiss price): the average annual price was €102 per MWh (up €26 per MWh, or up 34% compared with the previous year).

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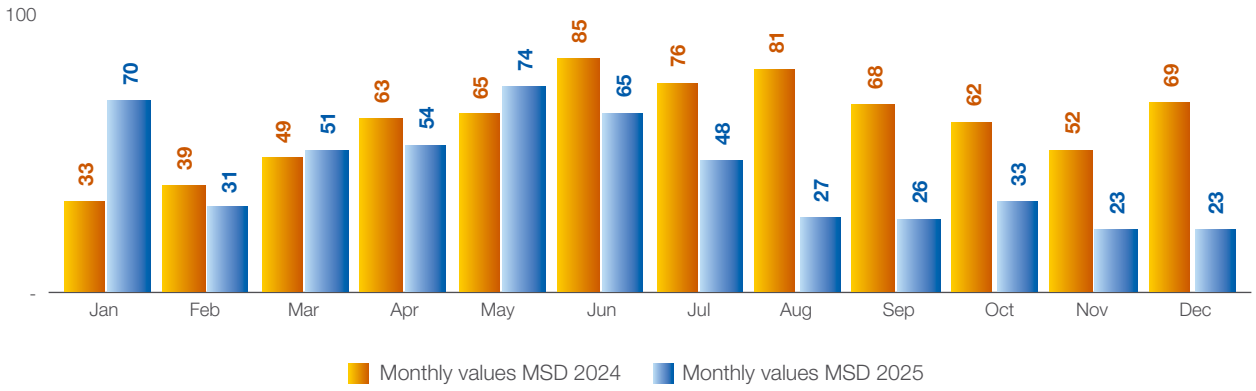
Dispatching Services Market (MSD)

Terna procures dispatching resources on the Dispatching Services Market (MSD) to manage and control the system (freeing up intra-zonal congestion, creation of power reserves, real-time balancing) in order to ensure the security and adequacy of the electricity system.

In 2025, the net cost of MSD selections amounted to approximately €524 million, down 29% compared with 2024 (approximately €740 million).

This change was due to the reduction in selection costs, mainly as a result of the volume effect.

Monthly MSD costs
(€m)



Cost of procuring resources on the Dispatching Services Market (Uplift)

As of 1 January 2025, Resolution no. 345/2023/R/eel – TIDE, as amended, entered into force, introducing the split of the **Uplift** charge, as previously defined by Resolution no. 111/2006/R/eel, into two new charges: **Uplift and Other**.

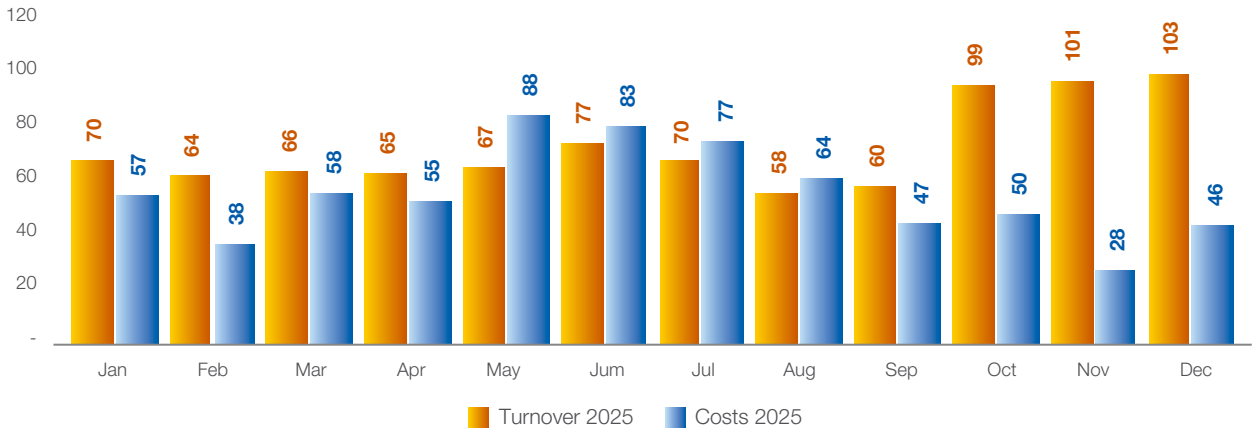
The Integrated Electricity Dispatching Text (TIDE), as amended, rationalises all the charges provided for under the dispatching framework. In this context, the Authority established that the Uplift Fee would retain only those components strictly related to Dispatching activities, while a new fee (the "Fee to cover additional items relating to the dispatching service") would incorporate the remaining components. The macro-items included in the Other Fee are:

- rents, fees and penalties concerning transmission capacity allocation;
- incentive mechanisms;
- remuneration for the metering aggregation service;
- settlement adjustments and uncollected receivables.

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In 2025, the total cost of the Uplift Fee[43] amounted to approximately €690 million.

Monthly trends in turnover and Uplift costs
(€m)





[43] The data refer to the monthly publication pursuant to article 4-25.3.2 of the TIDE (Resolution no. 227/2025/R/eel, as amended).

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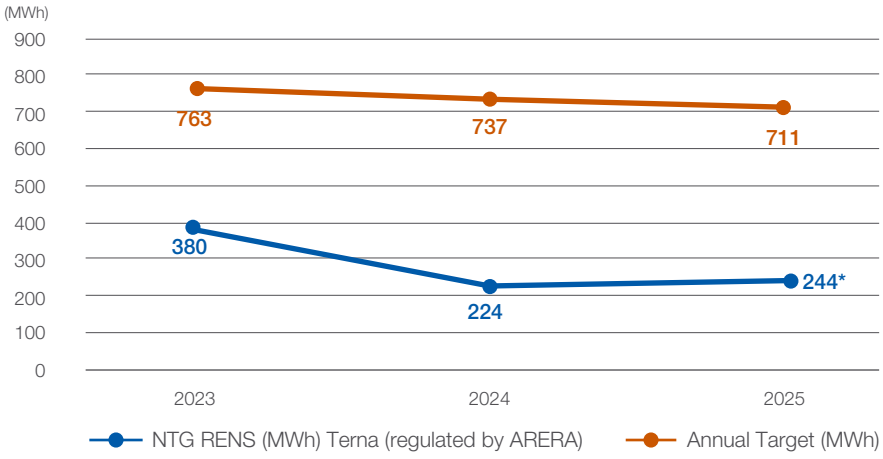
Continuity and quality of service

Terna monitors service quality in terms of service continuity, that is, the absence of interruptions in the electricity supply, and voltage quality, that is, maintaining the technical parameters of voltage and supply frequency within defined limits. This monitoring is carried out by measuring the various indices, such as RENS, ASAI and the number of voltage dips, defined in ARERA Resolution no. 55/2024/R/eel and chapter 11 of the Grid Code. The analysis of these indices is one of the most effective tools for guiding development measures, with the aim of preventing and reducing over time the consequences of disruptions on the grid.

Within the framework of service continuity and under Resolution no. 55/2024/R/eel, the Authority has defined an incentive mechanism based on compliance with a preset annual target level of Reference Energy Not Supplied (NTG RENS). The annual outturn of the NTG RENS indicator, and the resulting bonus or penalty for Terna, is certified by ARERA following verification of the data reported by Terna, through a specific Resolution.

These continuity indicators are significant for the system, as they monitor the frequency and impact of events that have occurred on the electricity grid as a result of faults or due to external factors, such as weather events. In all cases, the period of observation is three years, a period in which there have been no significant changes, testifying to the high quality of service achieved.

NTG RENS Index[44]



** Provisional data.*

The **NTG RENS** indicator, based on the preliminary data for the period from January to December 2025, amounts to 244 MWh (provisional data and annual target for 2025 of approximately 711 MWh set by ARERA).

Continuity indicators used

RENS*

What it measures
Energy not supplied following events affecting the relevant grid**.

How it is calculated
The sum of the energy not supplied to users connected to the NTG (following events affecting the relevant grid, as defined in the ARERA regulations governing quality of service).

* *Regulated Energy Not Supplied.*
** *The "relevant grid" refers to all of the high-voltage and very high-voltage network.*

ASA***

What it measures
Availability of the service provided by the NTG.

How it is calculated
Based on the ratio of the sum of energy not supplied to users connected to the NTG (ENS) and energy fed into the grid.

**** Average Service Availability.*

As regards the **ASA** indicator, availability was 99.99984% (provisional data) in 2025, compared with 99.99988% in the previous year. The operating performance shows that ASA has remained stable at a high level over the years (the higher the indicator, the better the performance). This indicator shows that the energy not supplied following a fault on the owned grid represents a minimal part of the total quantity of energy supplied to users of the grid.

Existing regulations (set out in Resolution no. 55/2024/R/eel) envisage a series of mechanisms designed to regulate and encourage improvements in the quality of service provided by Terna. The overall economic effects of these mechanisms are accounted for at year end (including RENS).

[44] The targets of reference for the years 2024-2025 (set forth in ARERA Resolution no. 55/2024/R/eel) were defined in continuity with the targets of the 2016-2023 regulatory period, i.e. with an improvement of 3.5% required for each year over the previous one. Since 2016, NTG RENS also includes the performance of the grid operated by Terna Rete Italia S.r.l. (merged with Terna S.p.A. on 31 March 2017).

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Revenue and costs relating to quality of electricity service

MDR-M

Within costs, which are determined periodically on the basis of events that occurred, in 2025 Terna recorded a balance of €3.8 million, compared with €2.5 million recorded in 2024.
The following table summarises the overall economic effects arising from the bonus and penalty mechanisms relating to service quality recorded in year 2025, compared with those of the previous year. This information is consistent with that reported in the Consolidated financial statements, in note 1. Revenue from sales and services, and in note 7. Other operating costs.

(€m)

QUALITY OF SERVICE	2025	2024	CHANGE
RENS Bonuses/(Penalties)	16.7	20.5	(3.8)
Mitigation and sharing costs	(3.8)	(2.5)	(1.3)
TOTAL	**12.9**	**18.0**	**(5.1)**

Operating results of Regulated Activities

The presentation of the Terna Group's results relating to the Regulated Activities for 2025 and 2024 is provided in the table below[45]. This information is in line with that disclosed in the Consolidated financial statements, in accordance with the provisions of IFRS 8, in note "C. Operating segments".

(€m)

	2025	2024	CHANGE
Total revenue from Regulated Activities	**3,278.6**	**3,096.2**	**182.4**
Tariff revenue and incentives	3,093.2	2,923.5	169.7
- Transmission revenue	*2,812.8*	*2,423.8*	*389.0*
- Dispatching, metering and other revenue	*280.4*	*499.7*	*(219.3)*
Other regulated revenue	64.4	59.8	4.6
Revenue from construction services performed under concession in Italy	121.0	112.9	8.1
Total cost of Regulated Activities	**667.4**	**634.7**	**32.7**
Personnel expenses	299.1	295.2	3.9
External resources	208.1	193.1	15.0
Other costs	39.2	33.5	5.7
Cost construction services performed under concession in Italy	121.0	112.9	8.1
EBITDA from Regulated Activities	**2,611.2**	**2,461.5**	**149.7**

EBITDA from Regulated Activities amounted to €2,611.2 million, an increase of €149.7 million compared with the previous year, mainly attributable to rise in tariff revenue.

[45] The Terna Group's operating segments are consistent with the internal control system adopted by the Parent Company, in line with the 2024-2028 Industrial Plan update.

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Revenue from Regulated Activities, after excluding revenue from construction services performed under concession (up €8.1 million), increased overall by €174.3 million, mainly as a result of:

- the trend in the Transmission and Dispatching Fee (up €406.9 million), influenced by:
  - the recognition of the fast money component determined on the basis of the conventional capitalisation rate defined under the ROSS framework;
  - the reduction in the timeframe for tariff recognition of depreciation relating to investments made from 2024 onwards;
  - the recognition of the tariff decoupling adjustment for 2024 (ARERA Resolution no. 573/2025/R/eel), and the estimate of the tariff decoupling adjustment for 2025, also including the effect of the new parameters for the revaluation of the cost of capital (ARERA Resolution no. 130/2025/R/com);
  - an increase in the RAB and, at the same time, a reduction in the WACC, from 5.8% in 2024 to 5.5% in 2025;
- lower output-based incentives, amounting to €237.2 million, attributable to the three-year mechanism for improving dispatching efficiency (ARERA Resolutions no. 597/2021/R/eel, no. 132/2022/R/eel, no. 326/2024/R/eel) and to the creation of incremental inter-zonal capacity;
- lower revenue relating to the RENS incentive mechanism, down by €3.8 million following the extension of the incentive mechanism to 2026 (ARERA Resolution no. 573/2025/R/eel);
- regulated revenue of Rete 2 S.r.l. transferred from the Acea Group as remuneration for asset management and maintenance activities (up €6.1 million).

After excluding the cost of construction services performed under concession (up €8.1 million), the **cost of Regulated Activities** was up €24.6 million, primarily reflecting:

- higher personnel expenses (up €3.9 million), essentially attributable to the increase in the average number of employees, net of higher capitalisations;
- higher costs for external resources (up €15.0 million);
- higher service quality charges (up €1.3 million), mainly attributable to the higher costs incurred for the outages events that occurred during 2025.

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Non-Regulated Activities

The main areas in which these activities are developed are:

- **Equipment**
- **Connectivity**
- **Energy Services**
- **Private interconnectors pursuant to Law 99/2009**

FOCUS

Reorganisation of Non-Regulated Activities

Consistent with the strategy to support the twin transition set out in the 2024-2028 Industrial Plan update, which provided for the establishment of the "Market Solutions" Department to coordinate the Group's activities in competitive markets with a view to achieving sharper focus on businesses driven by the energy transition, the new company Altenia S.r.l. (formerly called LT S.r.l., which changed its company name in March 2025 following the above reorganisation, took over) from 1 April 2025, through the contribution of a business unit, the management of the Energy Services business previously carried out by TES S.r.l. and has therefore become the Group's reference, covering the design, construction and maintenance of high-voltage electrical systems and renewable energy plants, particularly photovoltaic plants, as well as energy efficiency solutions. As a result of this transaction, the Terna Group's controlling interest in Altenia S.r.l. increased in April from 87.5% to 89%.

With the aim of further expanding Altenia's expertise and geographic footprint, the acquisition of 100% of STE Energy S.r.l., a company that has gained 30 years of experience in the design, construction and maintenance of renewable energy plants and electrical infrastructure, was finalised in May.



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Equipment

Via two leading companies in their fields, Terna is able to oversee expertise and supplies in two key areas for grid development:

- **Transformers - Tamini Group:** a world leader in the production of industrial transformers and in after-sales service;
- **Terrestrial cables - Brugg Cables Group:** a centre of excellence for research, development and testing in the field of terrestrial cables, the Brugg Group is based in Switzerland and has several overseas subsidiaries.

Transformers - Tamini Group

Tamini operates in the electromechanical sector and is a leader in the design, production, commercialisation and repair of power transformers for electricity transmission and distribution grids, of industrial transformers for the steel and metals industry and of special transformers for convertors used in electrochemical production. With over a hundred years of experience, Tamini has a well-established name in Italy and overseas, thanks to its technological and engineering capabilities, combined with the degree of customisation and production flexibility it can offer.

Order book

Orders for acquired transformers were significantly up by approximately 35% compared with the previous year. In particular, in the Power segment, orders were up sharply compared with the previous year (up 41%), this includes an order worth approximately €34 million from a major player operating in the European energy sector. In the Industrial segment, orders are up compared with 2024 (up 17%). Service orders were in line with the previous year.

In line with the indications above, the value of factory backlogs increased sharply compared to the end of 2024 (up about 43%).

Results

Revenue in 2025 were up sharply from 2024 (up 22%), mainly due to the higher margins on transformer production.

For the Power segment, the testing of some major equipment:

- two 400 MVA power transformers for a major TSO in Northern Europe;
- one 500 MVA autotransformer for a major player in the energy sector in Northern Europe.

For the Industrial sector, the following testing are reported:

- one 280 MVA furnace transformer for a major steel mill in Northern Europe;
- one 182 MVA rectifier transformer for a major player in the aluminium sector in Europe.

Vegetable oil transformers

In recent years the Tamini Group has been specialised in planning and producing high-voltage green transformers, offering major advantages, such as:

- a significant increase in capacity at equal loads;
- extended life expectancy;
- reduced flammability;
- eco-compatibility.

Tamini continued to be committed to the production of vegetable oil transformers for the Power sector in 2025. The following were in fact tested:

- one 40 MVA/150 kV transformer for a wind farm in Italy;
- one 400 MVA/155 kV autotransformer;
- two reactors for a major player in the energy sector in Northern Europe.

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Terrestrial cables – Brugg Cables Group

The Brugg Cables Group operates in the terrestrial cable sector, producing low through to very high voltage products and specialising in the design, development, construction, installation and maintenance of electrical cables of all voltages and accessories for high and very high-voltage cables.

Order book

The commercial trend remained sound and in line with expectations, with a slight increase in demand.

The year 2025 saw the particularly significant contribution of the High Voltage System segment of CHF 193 million. The High Voltage Accessories segment contributed a significant amount of CHF 46 million. The Low Medium Voltage segment also made a significant contribution of around CHF 46 million.

In 2025, high-voltage cable production prioritised more complex products compared to 2024, with a focus on higher-value products which reflect a significant increase in technical content and added value per kilometre.

At the same time, production of low- and medium-voltage cables recorded a slight increase (up 2%) compared with 2024, due to the orders received in the last quarter.

Results

Revenue in 2025 was up by approximately 11% compared with 2024. Margins were up 1% compared with 2024, thanks to significant cost efficiency measures, rigorous order selection, and improvements in pricing strategies.

Operating activities

The High Voltage Accessories segment recorded a decidedly positive performance with an increase in volumes, an improvement over the same period last year.

For high and extra high voltage systems, 2025 saw a positive trend in order acquisition, with significant increases in both sales volumes and margins compared with the previous year, and particularly favourable developments in the European market.

In the low and medium voltage segment, margins improved substantially compared with the previous year. The focus remains on the high quality demanded by the market and the consolidation of the strong position in the Swiss local market.

Connectivity

The Terna Group provides its customers with a newly constructed fibre-optic infrastructure, installed within the ground wires of the power lines of the National electricity Grid. This solution ensures superior performance compared to traditional terrestrial cables, both in terms of reliability (due to a significantly lower number of failures per kilometre per year) and signal quality, thanks to low attenuation. In addition, the fact that the ground wires follow the direct tracks of the National electricity Grid allows considerable savings in terms of route length, with a reduction of more than 20% compared to terrestrial connections over long distances.

To date, around 49,000 km of fibre pairs have been granted IRU (Indefeasible Right of Use), for which the Terna Group provides both maintenance and housing services for optical signal regeneration.

Work continues on the agreement with E-Distribuzione for the granting of IRU on fibre pairs (with a minimum term of 20 years and a maximum term of 24 years) and maintenance service. Under this agreement, signed in 2023 and the review of the project shared at the beginning of 2026, approximately 42,600 km of fibre pairs will be made available to customers, connecting 1,865 primary distribution installations through 153 rings, with delivery scheduled between 2023 and 2028. To date, more than 13,000 km of fibre optics have been delivered and over 900 installations connected, of which 5,700 km and about 300 installations in 2025.

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Energy Services

Altenia Group

The Altenia Group from 1 April 2025 also took over management of the Energy Services business previously carried out by Terna Energy Solutions S.r.l., as described above, and remains active even in the O&M of photovoltaic plants, in the design and implementation of revamping and repowering measures for existing plants, and in the construction of new photovoltaic plants for third parties.

Results

Revenue in 2025 increased compared with 2024, mainly as a result of the major progress of photovoltaic EPC projects and the integration of STE Energy S.r.l. into the Altenia Group's scope.

Commercial activities include new EPC projects between 200 MWp and 250 MWp, mainly in southern Italy.

Operating activities

During the third quarter of 2025, the EON (Energization Operational Notification) phase of an substation in Sardinia intended for the connection of a utility scale photovoltaic plant was completed.

For the utility-scale photovoltaic plant in Sicily connecting to the NTG, activation of the final connection facility was completed. As regards the plant in Lazio, testing was carried out in February 2025, followed by commissioning.

The design phase of the new HV/MV connection facility to the NTG for a data centre in the eastern area of the province of Milan has been completed. Execution activities are in progress.

A turnkey construction is ongoing for an NTG connection (substation and HV cable[46]) for a major customer operating in the data centre sector in the province of Milan.

The revamping of a HV plant for an industrial customer in Sicily is nearing completion. Plant revamping (MV section and SPCC[47] system) has begun for an industrial customer in Tuscany, while revamping work on a plant in San Marino is being planned.

The first of the two revamping procedures of the 220 kV and 132 kV metering groups in Valle d'Aosta planned for the two-year period 2025-2026 has been completed. The first phase of the revamping of the 132 kV transformation HV bay in Lombardy for a customer operating in the industrial production sector has been completed.

The installation of RTUs (Remote Terminal Units, devices for the collection and transmission of plant data), with the main contracts relating to customers in the oil&gas sector, shipbuilding, and industrial production, has been completed[48].

Other activities

The activities related to the framework agreement with Rete Ferroviaria Italiana (RFI) relating to the "Design, supply, installation, certification and commissioning of metering equipment", are in progress. During 2025, 51 installations and 18 supplies were completed, bringing the total number of completed plants to 170, compared with the 182 plants envisaged under the existing application contracts.

[46] High voltage.
[47] Command and Control Protection System.
[48] Battery Energy Storage System.

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Private interconnectors pursuant to Law 99/2009

In order to develop a single electricity market by expanding cross-border interconnection capacity, EU legislation has set out guidelines for the creation of interconnections with other countries by entities other than grid operators.

The European guidelines have been introduced into Italian legislation by **Law 99/2009**, which assigned Terna responsibility for selecting undertakings (the "selected undertakings"), on the basis of public tenders, willing to finance specific interconnectors in exchange for the benefits resulting from a decree granting a third-party access exemption with regard to the transmission capacity provided by the new infrastructure. The law states that these private backers, in exchange for a commitment to finance such projects, are required to commission Terna to build and operate the interconnectors.

Within the legislative framework defined by Law no. 99/2009, Terna manages the maintenance (scheduled and unscheduled) and operation of the Interconnectors that have been built and commissioned. Specifically:

Italy - Montenegro Interconnector Project

The project was completed on 28 December 2019 and is owned by Monita Interconnector S.r.l., which was sold by the Terna Group to the private backers on 17 December 2019.

Italy - France Interconnector Project

The project was completed on 7 November 2022 and is owned by Piemonte Savoia S.r.l., which was sold by the Terna Group to the private backers on 4 July 2017.

Italy - Austria Interconnector Project

The project, which entered into operation on 15 December 2023, is owned by Resia Interconnector S.r.l., which was sold by the Terna Group to private backers on 15 September 2021.

Preparatory activities for the development of further interconnectors, including those with Switzerland and Slovenia, are also under way:

Italy - Switzerland Interconnector Project

The project involves the development of new transmission lines between Italy and Switzerland, with the aim of increasing interconnection capacity between Italy and Switzerland. The project is currently under study.

Italy - Slovenia Interconnector Project

On 1 October 2025, Terna and the Slovenian TSO ELES signed a strategic cooperation agreement aimed at strengthening the electricity interconnections between the two countries through the implementation of the project "Removal of constraints on the 380 kV and 220 kV grid interconnected with Slovenia". The new interconnection will make it possible to double the interconnection capacity between Italy and Slovenia.

Under this agreement, it will be possible to supersede the current project, which is in the authorisation phase on the Italian side, relating to the construction of the direct current interconnection, partly by submarine cable, between the stations of Salgareda (IT) and Divača/Beričevo (SI).

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Operating results of Non-Regulated Activities

The breakdown of the Terna Group's results relating to the Non-Regulated Activities for 2025 and 2024 is set out in the table below[49]. This information is in line with that disclosed in the Consolidated financial statements, in accordance with the provisions of IFRS 8, in note "C. Operating segments".

(€m)

	2025	2024	CHANGE
Total Revenue from Non-Regulated Activities	**754.4**	**584.0**	**170.4**
Equipment	419.3	340.4	78.9
- Brugg Cables Group	*197.5*	*174.3*	*23.2*
- Tamini Group	*221.8*	*166.1*	*55.7*
Connectivity	44.9	43.6	1.3
Energy Services	263.1	175.2	87.9
Private interconnectors	21.8	20.5	1.3
Other	5.3	4.3	1.0
Total Cost of Non-Regulated Activities	**613.3**	**476.2**	**137.1**
Services for third parties (Connectivity, Energy Services, Interconnectors, and other)	249.9	162.3	87.6
Brugg Cables Group	181.9	164.6	17.3
Tamini Group	181.5	149.3	32.2
EBITDA from Non-Regulated Activities	**141.1**	**107.8**	**33.3**

EBITDA from Non-Regulated Activities for 2025 totalled €141.1 million, increased by €33.3 million compared to the previous year. This growth was the result of the stronger contribution of the Equipment segment, which recorded an overall increase of €29.4 million, of which €23.5 million related to the Tamini Group and €5.9 million to the Brugg Cables Group. These increases were essentially due to higher revenue from market-facing business and higher margins on existing contracts.

[49] The Terna Group's operating segments are consistent with the internal control system adopted by the Parent Company, in line with the 2024-2028 Industrial Plan update.

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International activities

In foreign markets, growing electricity demand and the need to integrate renewable sources are driving strong investment in the electricity transmission sector, a sector in which the Terna Group plays a central role in the development of complex electricity transmission networks as a TSO.

The Terna Group's scouting of overseas opportunities focuses on countries with a stable political situation, a regulatory system that allows external operators to access the market and with performances on a par with the Italian market.

As part of its international initiatives, the project to enhance its activities in South America continued through the implementation of the actions necessary to complete the disposal transaction under way in Peru, scheduled for 2026.

It should be noted that:

- on 27 August 2025, the liquidation of Terna Chile S.p.A., which formally began on 17 December 2024, was completed;
- on 30 May 2025, the subsidiary Terna USA LLC completed the sale of its entire 40% interest in the US-based joint arrangement BMT Energy Transmission Development LLC to Meridiam Transmission Development LLC, a Delaware limited liability company;
- on 20 October 2025, the subsidiary Terna USA LLC completed the disposal of its entire stake, equal to 0.01% of the share capital, in Terna 4 Chacas S.A.C. and Terna Perù S.A.C. to Rete S.r.l..

In addition, on 16 February 2026, the liquidation process of Terna 4 Chacas S.A.C. was formally initiated. The process is expected to be completed during the course of 2026.

Operating results of International activities

EBITDA from International activities for 2025 and 2024 does not include the results of the Latin American initiatives involved in the disposal project described above. Those results are presented under the item "Profit/(Loss) for the year from discontinued operations and assets held for sale", in accordance with IFRS 5, in the reclassified income statement set out in the paragraph "The Terna Group's financial review for 2025". This information is in line with that disclosed in the Consolidated financial statements, in accordance with the provisions of IFRS 8, in note "C. Operating segments"[50].

EBITDA from International activities in 2025 amounted to -€1.5 million chiefly relates to costs incurred by the central departments to support international endeavours. The value shows an improvement of €1.4 million compared with the previous year.

The **profit/(loss) from discontinued operations and assets held for sale amounted to €0.3 million**, down by €11.3 million compared with the previous year. This variance is essentially attributable to the capital gain recognised in the previous year in relation to the third closing of the sale to CDPQ of SPE Transmissora de Energia Linha Verde I S.A., completed in November 2024.

For further details, please refer to the relevant paragraph in the Notes to the Consolidated financial statements, note 11 - Profit/(Loss) for the year from discontinued operations and assets held for sale.

[50] The Terna Group's operating segments are consistent with the internal control system adopted by the Parent Company, in line with the 2024-2028 Industrial Plan update.

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The Terna Group's financial resources

The Company's financial management is based on an approach that aims to maximise efficiency, achieve and maintain a solid financial structure and embed the concept of sustainability in its financial strategy, whilst adopting a prudent stance towards mitigation of the potential risks.

The key aspects of the resulting financial strategy are:

- **diversification** of the sources of financing, raising funds on both the capital markets and in the form of borrowings from major banks and supranational financial institutions;
- a **balance** between short and medium-term instruments, in keeping with the composition of assets;
- the **proactive management** of debt in order to take advantage of the opportunities offered by the capital markets;
- a commitment to maintaining **high credit ratings**, based on a strong financial position;
- **active management of the financial risks** to which the Company is exposed, as set out in more detail in the section "E. Risk management". Commitments and risks – Risk management" in the Consolidated financial statements.



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Sustainable finance

Fully in line with Terna's strategy, which aims to combine investment and sustainability to drive growth and value creation, it is Terna's ambition to play a leading role in the sustainable finance market. This strategy was also followed in 2025.

As at 31 December 2025, the **senior green bonds issued by Terna** under the two Euro Medium Term Notes (EMTN) programmes amounted to **€3.75 billion**, in addition **to the three perpetual, subordinated hybrid green issues**, respectively issued in February 2022 and April 2024 on a standalone basis, **for a total amount of €1.85 billion**, and in January 2026 under Terna's EMTN Programme listed on the MOT, for a total nominal amount of **€850 million**. The latter issue is the first **perpetual, subordinated hybrid European Green Bond** issued by Terna.

With regard to green bond debt, on 10 February 2025 Terna launched a **new single-tranche green bond issue**, again as part of the EMTN programme. The issue has a **total nominal value of €750 million**, a term of 7 years and matures on 17 February 2032. The bond was issued at a price of 99.975%, with a spread of 90 basis points above the midswap rate and has an annual coupon interest of 3.125%. On 15 July 2025, Terna launched the **first European Green Bond**, single tranche, as part of the €4,000,000,000 EMTN Programme, listed on the electronic bond market (MOT) managed by Borsa Italiana and approved by the Commissione Nazionale per le Società e la Borsa (CONSOB) in June 2025, for a total nominal amount **of €750 million**, a 6-year duration with a maturity date of 22 July 2031. The bond was issued at a price of 99.589%, with a spread of 70 basis points above the midswap rate and has an annual coupon interest of 3.00%.

Green bond issues are used to finance or refinance **Eligible Green Projects**. These are projects producing environmental benefits that meet the criteria listed in the **Green Bond Framework**, updated by Terna in July 2025, and drafted in compliance with the Green Bond Principles updated by ICMA (International Capital Market Association) in June 2025, the requirements introduced by the new EU Regulation 2023/2631 (EU Green Bond Standard), and the European Union Taxonomy. In July 2025, Terna's Green Bond Framework was assessed by **S&P Global Ratings**, acting as a **Second Party Opinion provider**, which assigned it an overall "Dark Green" rating, the highest level on S&P's "Shades of Green" scale. In addition, in January 2026, Moody's Ratings assigned the Green Bond Framework an overall **"SQS1 Sustainability Quality Score (Excellent)", the highest possible level under Moody's methodology**.

Specifically, the net proceeds from the issues are used to finance:

- projects that aim to increase renewable energy production – for example, infrastructure enabling renewable energy plants to be connected to the national grid or that allow for a larger volume of renewable energy to be injected into the grid;
- projects designed to cut CO2 emissions by reducing grid losses – for example, infrastructure designed to boost the efficiency of the electricity transmission grid;
- projects designed to ensure the quality, security and resilience of grid infrastructure.

As of 31 December 2025, Terna can also rely on several **ESG-linked Term Loans** for a total of **€2.5 billion**, **three ESG-linked Revolving Credit Facilities** linked to sustainability indicators for a total of about **€4.3 billion** and a **Euro Commercial Paper (ECP) programme of €2 billion** for the issuance of short-term conventional or ESG notes.

In particular, with regard to the **ESG-linked Revolving Credit Facility**, it should be noted that, on 21 March 2025, an **amendment and restatement agreement was signed to refinance** and **increase to €1.8 billion the amount of a Revolving Credit Facility** entered into in December 2021, originally amounting to €1.65 billion.

As regards the **ESG-linked Term Loans**, on 20 November 2025 an **ESG-linked Credit Facility Agreement** was signed with BPER Banca for a total amount of **€200 million** and a five-year term; in addition, on 18 December 2025 a further **ESG-linked Credit Facility Agreement** was signed with UniCredit for a total amount of **€300 million** and a maximum term of five years.

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In line with Terna's commitment to sustainability and social and environmental responsibility, the **Share buyback programme** to service the 2025-2029 Performance Share Plan was concluded in September, with a total outlay of about €9 million and the purchase of 1,060,499 treasury shares (representing about 0.053% of the share capital). The Programme provides a mechanism linked to the achievement of specific ESG targets by the Company.

Terna's leadership in sustainable finance is widely recognised in the market which, since 2018, has shown a strong appetite for the green bonds issued. In addition to its inclusion in the main ESG indices, from January 2021, Terna is the first Italian electric utility to join the **Nasdaq Sustainable Bond Network**, the sustainable finance platform operated by Nasdaq that brings together investors, issuers, investment banks and specialist organisations.

Terna continues to be a member of the **CFO Coalition for the SDGs**, which is building on the work of the **CFO Task Force for the SDGs**, the initiative launched by the UN Global Compact at the end of 2019 to develop sustainable finance and of which Terna was one of the founding members. The Coalition aims to continue to promote sustainability, scale up its global community and follow the example set by the CFOs that founded the Taskforce.

Further confirmation of the commitment to playing an active role in developing sustainable finance, Terna is taking part in the **Corporate Forum for Sustainable Finance**, a network of major European businesses committed to the development of sustainable finance as a means to promote a more sustainable and responsible society.

Terna, both individually and as a member of the above Corporate Forum on Sustainable Finance, will continuously monitor developments in European legislation, with particular regard to the impact on sustainable finance.

Finally, on 26 January 2026, Terna launched **a perpetual, subordinated, hybrid, non-convertible, fixed-rate European Green Bond**, placed with institutional investors, for a total nominal amount of **€850 million**. The bond is non-callable for 6 years and was issued at 100%, with a spread of 123 basis points over the Mid-Swap rate, implying a subordination premium of less than 60 basis points over a senior issue of equivalent maturity. It will pay a fixed annual coupon of 3.875%, corresponding to the effective rate of the transaction, up to, but excluding, the first reset date of 2 February 2032. From that date, if the bond has not been redeemed early, the hybrid instrument will bear annual interest at the five-year Euro Midswap rate plus an initial margin of 123 basis points, increased by an additional 25 basis points from 2 February 2037 and by a further 75 basis points from 2 February 2052.

Further financial resources

On 10 July 2025, the European Investment Bank (EIB), Terna, Intesa Sanpaolo (IMI CIB Division) and SACE **entered into financing arrangements totalling €1.5 billion** in order to support the development and construction of the **Adriatic Link**, Terna's submarine power line that will connect Marche and Abruzzo.

Specifically, the financial structure of the arrangement is divided into the following three tranches, all guaranteed by SACE for over €1 billion under the Archimede Guarantee:

- a €750 million loan granted to Terna by the EIB, with a term of 22 years (from the first disbursement date);
- a €500 million seven-year credit facility provided to Terna by Intesa Sanpaolo;
- an additional €250 million seven-year loan given by Intesa Sanpaolo, with funds provided by the EIB, to support the project.

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Debt as at 31 December 2025 is described in detail in the section, "The Terna Group's financial review for 2025".
Terna adopts a dynamic approach to managing the various forms of **financial risk**, including **market risk** (interest rate, exchange rate and inflation risk), **liquidity risk** and **credit risk**. This approach includes constant monitoring of the financial markets, in order to carry out planned hedging operations under favourable market conditions, but also to take advantage of opportunities to improve existing hedges, when changes in market conditions make previous hedges unsuitable or excessively costly.
Further details are provided in the notes to the Consolidated financial statements and to the Parent Company's Separate financial statements.

Ratings

Below are Terna's ratings at 31 December 2025.

	SHORT-TERM	MEDIUM/LONG-TERM	OUTLOOK
Terna S.p.A.			
Standard & Poor's	A-2	A-	Stable
Moody's	Prime-2	Baa1	Stable
Italian state			
Standard & Poor's	A-2	BBB+	Stable
Moody's	Prime-2	Baa2	Stable

In March, following the presentation of the 2024-2028 Industrial Plan update, the rating agencies Moody's and Standard & Poor's confirmed the Company's ratings.

In April, Standard & Poor's upgraded Terna's long-term rating from "BBB+" to "A-", one notch above that of the Italian Republic, with a stable outlook. The short-term rating was confirmed at "A-2". The upgrade of the rating by the agency follows that of the Italian Republic (from "BBB" to "BBB+").

In June, Moody's confirmed Terna's long-term rating at "Baa2", one notch above that of the Italian Republic, revising the company's outlook from stable to positive. The rating agency's decision reflects the revision of Italy's outlook (from stable to positive).

In November, Moody's upgraded Terna's long-term rating from "Baa2" to "Baa1", one notch above that of the Italian Republic, revising Terna's outlook from positive to stable. The short-term rating was confirmed at "Prime-2". At the same time, Moody's also upgraded Terna's subordinated debt rating ("hybrid") from "Ba1" to "Baa3" (investment grade). The agency's rating action follows the recent upgrade of the rating assigned to the Italian Republic and further confirms Terna's sound financial profile.

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Remarks on the results and other information

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The Terna Group's financial review for 2025

Introduction

The 2025 Annual Report has been prepared in accordance with the provisions of art. 154-ter of Legislative Decree 58 of 24 February 1998, introduced by Legislative Decree 195 of 6 November 2007 (the "Transparency Decree"), as amended by Legislative Decree 27 of 27 January 2010. This regulatory framework sets out the disclosure requirements for companies that issue listed financial instruments. Furthermore, it ensures that the information disclosed to the market is adequately transparent and complete.

Pursuant to Legislative Decree 38 of 28 February 2005 and Regulation (EC) No 1606/2002, the separate financial statements of Terna S.p.A. and the consolidated financial statements of the Terna Group at 31 December 2025 have been prepared in accordance with the International Financial Reporting Standards ("IFRS Accounting Standards") as issued by the International Accounting Standards Board ("IASB") and endorsed by the European Commission. Adopting IFRS Accounting Standards ensures compliance with international standards and promotes the comparability of financial information with that of major sector operators at a European level.

In compliance with the provisions of art. 2364 of the Italian Civil Code and art. 9.2 of the articles of Association, the Board of Directors has decided to call an Annual General Meeting of shareholders within 180 days of the end of the annual reporting period. This right is exercised because Terna S.p.A. is required to prepare consolidated financial statements, which allows it to benefit from the longer term set out in current legislation.

Basis of presentation

This Annual Report has been prepared using the same accounting policies and measurement and recognition criteria as those adopted for the consolidated and separate financial statements for the previous year. This ensures consistent disclosure and full comparability of results.

Reclassified statements have been prepared to present the financial performance of the Terna Group and Terna S.p.A. more effectively. These differ from the statements required by IFRS Accounting Standards and show management indicators that management deems significant for monitoring operational performance. These indicators may be classified as alternative performance measures and are accompanied by specific notes on the reconciliation with the statements prepared under IFRS Accounting Standards, drawn up in accordance with ESMA/2015/1415 guidelines to ensure transparency and traceability of the adopted criteria.

Furthermore, as the requirements of IFRS 5 have been met, the results relating to the South American subsidiary involved in the disposal project have been recognised under "Profit/(loss) for the year from discontinued operations and assets held for sale". Similarly, the assets and liabilities related to the same scope have been included under "Discontinued operations and net assets" of the reclassified statement of financial position. This classification enables the financial effects of assets held for sale to be identified separately, thereby improving the readability of the Group's overall results.

Overall, the choices made aim to provide stakeholders with clear, complete and functional information, while enhancing the continuity of accounting policies and paying close attention to methodological transparency when describing performance.

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Scope of consolidation

The following changes in the structure of the Group have taken place with respect to 31 December 2024:

- on 4 March 2025, LT S.r.l. changed its company name to Altenia S.r.l., which, from 1 April 2025, following the contribution of a business unit, also took over management of the Energy Services business, previously carried out by Terna Energy Solutions S.r.l.. As a result of this transaction, Terna Energy Solutions S.r.l.'s equity interest in Altenia S.r.l. increased from 87.5% to 89% in April;
- on 29 May 2025, the subsidiary Altenia S.r.l. completed the acquisition of 100% of the share capital of the Italian company STE Energy S.r.l., which operates in the design, construction and maintenance of renewable energy plants and electrical infrastructure;
- on 30 May 2025, the subsidiary Terna USA LLC completed the sale of its entire 40% interest in the US-based joint arrangement BMT Energy Transmission Development LLC to Meridiam Transmission Development LLC, a Delaware limited liability company;
- on 27 August 2025, the liquidation of Terna Chile S.p.A. which formally began on 17 December 2024, was completed;
- on 30 September 2025, Terna S.p.A. completed the acquisition of 100% of Rete 2 S.r.l. from Areti, owner of a portion of Acea Group's high-voltage infrastructure located in the Rome metropolitan area. The transaction covers 73 high-voltage transmission lines totalling 481 km (both overhead and underground), the fibre-optic network installed along the high-voltage lines and the high-voltage components of three primary substations. Design, construction, management, development, operation and maintenance of high-voltage power lines are Rete 2 S.r.l.'s mission. This transaction is in line with the objectives of the Group's 2024-2028 Industrial Plan update and will create value and efficiency for the entire electricity system, enabling Terna more efficient operational management of its network;
- on 20 October 2025, the subsidiary Terna USA LLC completed the sale of its entire stake, equal to 0.01% of the share capital, in Terna 4 Chacas S.A.C. and Terna Perù S.A.C. to Rete S.r.l.;
- on 18 December 2025, the subsidiary Terna Forward S.r.l. completed the acquisition of a 15.4% stake in the share capital of the Italian company "Hypermeteo S.r.l.", an innovative start-up operating in the meteorological and climate services market through the development of high-resolution meteorological and climate datasets, thereby consolidating its presence in Corporate Venture Capital and strengthening its portfolio of investments in technological innovation in support of the energy transition.

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The Group's reclassified income statement

The Terna Group's operating results for 2025, compared with those for the previous year, are summarised in the following Income statement reclassified for management purposes, obtained by reclassifying amounts in the Consolidated income statement.

(€m)

	2025	2024	CHANGE	% CHANGE
TOTAL REVENUE	**4,033.0**	**3,680.2**	**352.8**	**9.6%**
- Revenue from Regulated Activities	3,278.6	3,096.2	182.4	5.9%
of which Revenue from construction services performed under concession	*121.0*	*112.9*	*8.1*	*7.2%*
- Revenue from Non-Regulated Activities	754.4	584.0	170.4	29.2%
TOTAL OPERATING COSTS	**1,282.2**	**1,113.8**	**168.4**	**15.1%**
- Personnel expenses	413.5	393.3	20.2	5.1%
- Cost of services, leases and rentals	362.8	299.3	63.5	21.2%
- Materials	318.1	263.3	54.8	20.8%
- Other costs	63.0	42.5	20.5	48.2%
- Quality of service	3.8	2.5	1.3	52.0%
- Cost of construction services performed under concession	121.0	112.9	8.1	7.2%
GROSS OPERATING PROFIT (EBITDA)	**2,750.8**	**2,566.4**	**184.4**	**7.2%**
- Amortisation, depreciation and impairment losses	960.9	889.0	71.9	8.1%
OPERATING PROFIT/(LOSS) (EBIT)	**1,789.9**	**1,677.4**	**112.5**	**6.7%**
- Net financial income/(expenses)	(181.5)	(171.5)	(10.0)	5.8%
PROFIT/(LOSS) BEFORE TAX	**1,608.4**	**1,505.9**	**102.5**	**6.8%**
- Income tax expenses for the year	495.2	455.0	40.2	8.8%
PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS	**1,113.2**	**1,050.9**	**62.3**	**5.9%**
- Profit/(Loss) for the year from discontinued operations and assets held for sale for sale	0.3	11.6	(11.3)	(97.4%)
PROFIT FOR THE YEAR	**1,113.5**	**1,062.5**	**51.0**	**4.8%**
- Profit/(Loss) for the year attributable to non-controlling interests	2.0	0.6	1.4	233.3%
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	**1,111.5**	**1,061.9**	**49.6**	**4.7%**

EBITDA by operating segment is as follows:

(€m)

EBITDA BY OPERATING SEGMENT	2025	2024	CHANGE
Regulated Activities	2,611.2	2,461.5	149.7
Non-Regulated Activities	141.1	107.8	33.3
International activities	(1.5)	(2.9)	1.4
EBITDA	**2,750.8**	**2,566.4**	**184.4**

Gross operating profit (EBITDA) for the year amounts to **€2,750.8 million**, up €184.4 million compared with €2,566.4 million in 2024. The increase is mainly due to the improved profitability of Regulated Activities.

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Revenue

(€m)

REGULATED ACTIVITIES	2025	2024	CHANGE
Tariff revenue and incentives	3,093.2	2,923.5	169.7
Other regulated revenue	64.4	59.8	4.6
Revenue from construction services performed under concession in Italy	121.0	112.9	8.1
TOTAL	**3,278.6**	**3,096.2**	**182.4**

Revenue from **Regulated Activities** grew by €182.4 million. This growth, excluding revenue from construction services performed under concession (up €8.1 million), is mainly attributable to an increase in tariff revenue (up €406.9 million), partially offset by a decrease in output-based incentives (down €237.2 million).

The increase in tariff revenue is mainly due to:

- the recognition of the fast money component determined on the basis of the conventional capitalisation rate defined under the ROSS framework;
- the reduction in the timeframe for tariff recognition of depreciation relating to investments made from 2024 onwards;
- the recognition of the tariff decoupling adjustment for 2024 (ARERA Resolution no. 573/2025/R/eel), and the estimate of the tariff decoupling adjustment for 2025, also including the effect of the new parameters for the revaluation of the cost of capital (ARERA Resolution no. 130/2025/R/com);
- an increase in the RAB and, at the same time, a reduction in the WACC, from 5.8% in 2024 to 5.5% in 2025.

Lower output-based incentives recognised in 2025, amounting to €237.2 million. The decrease on previous year is essentially due to the three-year mechanism for improving dispatching efficiency (ARERA Resolutions no. 597/2021/R/eel, no. 132/2022/R/eel, no. 326/2024/R/eel) and to the creation of incremental inter-zonal capacity.

(€m)

NON-REGULATED ACTIVITIES	2025	2024	CHANGE
Equipment (Brugg Cables Group and Tamini Group)	419.3	340.4	78.9
Services for third parties (Connectivity, Energy Services, other)	313.3	223.1	90.2
Private interconnectors	21.8	20.5	1.3
TOTAL	**754.4**	**584.0**	**170.4**

Revenue from **Non-Regulated Activities** increased by €170.4 million, mainly as a result of the rise in revenue from the Equipment segment, which benefited from an increase of €55.7 million and €23.2 million for the Tamini Group and the Brugg Cables Group, respectively, as well as from the increase in revenue from the Energy Solutions segment (up €87.9 million) thanks to the higher volume of contracts acquired.

Revenue from **International activities**, specifically in relation to the initiatives in Latin America that are currently being sold, is included in "Profit/(Loss) for the year from discontinued operations and assets held for sale", in accordance with IFRS 5.

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Costs

Operating costs, net of the change in the cost of construction services performed under concession (up €8.1 million), rose by €160.3 million compared to the previous year. This is mainly due to:

- higher costs for services connected with the development of activities in the regulated area (in particular with reference to increased maintenance) and in the Energy Services and Connectivity area (up €42.1 million for the Altenia Group, up €8.0 million for the Tamini Group and up €3.8 million for the Brugg Cables Group);
- higher personnel costs (up €20.2 million), essentially due to the increase in the average number of employees, net of higher capitalisations of the year;
- higher costs for materials related to Energy Services and Equipment operations (up €43.9 million for the Altenia Group, up €7.1 million for the Tamini Group and up €7.7 million for the Brugg Cables Group), mainly due to the progress of contracts and higher supply costs;
- higher costs for external resources (up €15.0 million).

Amortisation, depreciation and impairment losses for the year amount to €960.9 million, up by €71.9 million compared with 2024. The increase is mainly due to the entry into service of new plants, net of the lower impairment losses recognised during the year.

Operating profit (EBIT) amounts to **€1,789.9 million**, compared with €1,677.4 million in 2024 (up 6.7%).

Net financial expenses for the year, which amounted to €181.5 million, mainly attributable to the Parent Company (€158.6 million), increased by €10.0 million compared to €171.5 million in 2024, mainly due to new loans disbursed during 2025 and the decrease in financial income. The increase was partly offset by higher capitalised charges and by the adjustment of the liability for the potential acquisition of a minority stake in Altenia S.r.l..

After net financial expenses, **profit before tax** amounts to **€1,608.4 million**, an increase of €102.5 million compared with the previous year (up 6.8%).

Income tax expenses for the year amount to €495.2 million and increased by €40.2 million compared with the previous year (up 8.8%) mainly as a result of higher profit before tax and the increase in non-deductible expenses recognised during the year. The tax rate is 30.8%, slightly up from 30.2% in the previous year, reflecting higher prior year items in 2025, offset by higher non-deductible costs recognised in the previous year.

The **profit for the year from continuing operations** amounts to **€1,113.2 million**, up €62.3 million compared with €1,050.9 million in 2024.

Profit from discontinued operations and assets held for sale amounts to €0.3 million, down by €11.3 million compared with the previous year. The decrease is mainly due to the gain recognised in the previous year in connection with the third closing for the sale of SPE Transmissora de Energia Linha Verde I S.A. to CDPQ, which was completed in November 2024.

The **profit for the year** amounts to **€1,113.5 million**, up by 4.8% compared with €1,062.5 million in 2024.

The **profit for the year attributable to owners of the Parent**, excluding the portion attributable to non-controlling interests, amounts to **€1,111.5 million**, up 4.7% or €49.6 million compared with €1,061.9 million in 2024.

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Cash flow

Cash flow from operating activities, together with the overall change in net debt was sufficient to cover the financial requirements of the year, relating to both to the investments made and the distribution of dividends to shareholders.

(€m)

	CASH FLOW 2025	CASH FLOW 2024
- Profit for the year	1,113.5	1,062.5
- Amortisation, depreciation and impairment losses	960.9	889.0
- Net change in provisions	11.5	(43.3)
- Net losses/(Gains) on sale of assets	(3.8)	(12.6)
Operating cash flow	**2,082.1**	**1,895.6**
- Change in net working capital	686.3	(154.2)
- Other changes in Property, plant and equipment and intangible assets	(180.7)	65.1
- Change in Investments	(7.5)	(6.5)
- Change in financial assets	(61.9)	22.6
Cash flow from operating activities	**2,518.3**	**1,822.6**
- Total capital expenditure	(3,514.9)	(2,692.1)
Free cash flow	**(996.6)**	**(869.5)**
Net assets held for sale	**1.6**	**65.2**
- Dividends paid to the Parent Company's shareholders	(795.9)	(691.9)
- Reserve for equity instruments, cash flow hedge reserve after taxation and other movements in equity attributable to owners of the Parent	(48.5)	829.8
- Other movements in equity attributable to non-controlling interests	(0.4)	0.3
Change in net debt	**(1,839.8)**	**(666.1)**



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The Group's reclassified statement of financial position

The Terna Group's financial position at 31 December 2025 and 31 December 2024 is summarised below in the reclassified statement of financial position, obtained by reclassifying amounts in the Consolidated statement of financial position.

(€m)

	AT 31 DECEMBER 2025	AT 31 DECEMBER 2024	CHANGE
Total Net Non-current assets	**23,511.9**	**20,704.0**	**2,807.9**
- Intangible assets and goodwill	1,292.7	982.2	310.5
- Property, plant and equipment	21,665.1	19,237.1	2,428.0
- Financial assets	554.1	484.7	69.4
Total Net Working Capital	**(2,711.5)**	**(2,025.2)**	**(686.3)**
- Net energy-related pass-through payables	(530.3)	(624.4)	94.1
- Net receivables resulting from regulated activities	1,173.2	1,324.2	(151.0)
- Net trade payables	(1,465.5)	(1,072.7)	(392.8)
- Net tax assets/(liabilities)	114.0	(74.5)	188.5
- Other net liabilities	(2,002.9)	(1,577.8)	(425.1)
Gross Invested Capital	**20,800.4**	**18,678.8**	**2,121.6**
Sundry provisions	(1.1)	10.4	(11.5)
Net Invested Capital	**20,799.3**	**18,689.2**	**2,110.1**
Net assets held for sale	**13.6**	**15.2**	**(1.6)**
TOTAL NET INVESTED CAPITAL	**20,812.9**	**18,704.4**	**2,108.5**
Equity attributable to owners of the Parent	**7,791.3**	**7,524.2**	**267.1**
Equity attributable to non-controlling interests	**21.4**	**19.8**	**1.6**
Net debt	**13,000.2**	**11,160.4**	**1,839.8**
TOTAL	**20,812.9**	**18,704.4**	**2,108.5**

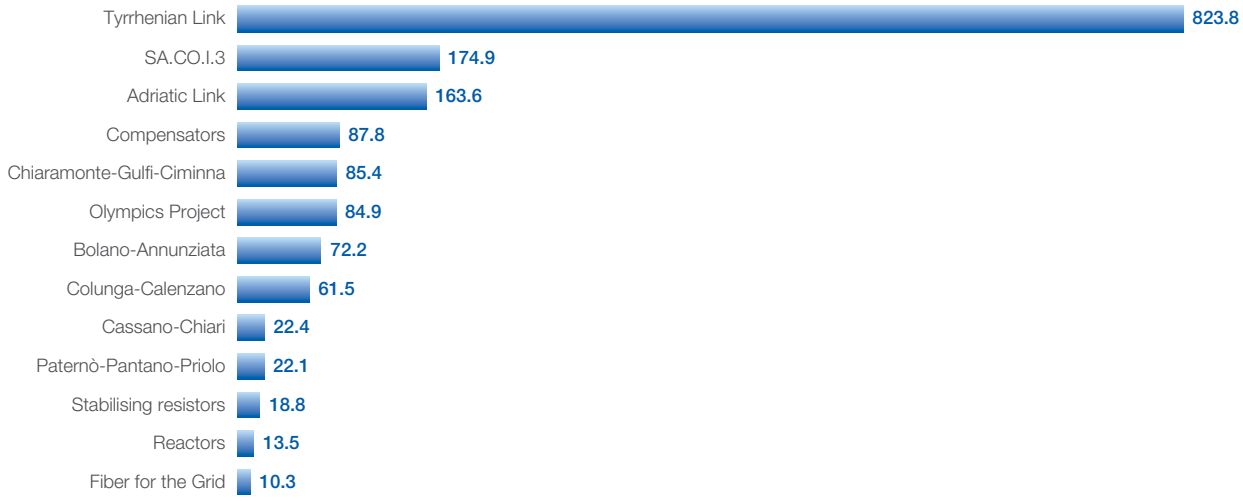
The €2,807.9 million increase in **net non-current assets** compared with 31 December 2024 primarily reflects a combination of the following:

- total capital expenditure of €3,514.9 million; the main balances are summarised and discussed in "The Group's capital expenditure" paragraph under the "The Terna Group's operating performance" section;
- amortisation and depreciation for the year, totalling €946.4 million;
- the €98.2 million increase in goodwill, of which €89.5 million refers to the acquisition of 100% of Rete 2 S.r.l. and €8.7 million to the acquisition of 100% of STE Energy S.r.l.. Both acquisitions were carried out in 2025 and recognised at the provisional amounts of the business combination;
- acquisition of the NTG assets of Rete 2 S.r.l. as part of the transaction completed on 30 September 2025 (up €134.1 million);
- other movements in "Property, plant and equipment" and "Intangible assets", which fell €62.3 million, reflecting grants related to assets (down €44.7 million, primarily for the re-routing of power lines at the request of third parties and projects financed by the Ministry of the Environment and Energy Security and the EU) and disposals and impairment losses resulting in a reduction of €18.7 million;
- the €69.4 million increase in financial assets, mainly attributable to:
  - the increase in guarantee deposits received from operators participating in the capacity market pursuant to ARERA Resolution no. 98/2011/R/eel (up €40.0 million);
  - the increase in the Interconnector Guarantee Fund, established for the completion of interconnection works pursuant to article 32 of Law no. 99/09 (up €21.4 million);
  - the indirect investments of the subsidiary Terna Forward S.r.l. in the Infra Tech and Energy Tech segments of CDP Venture Capital's Corporate Partners I Fund (up €6.5 million);
  - the direct investments in the startups Eoliann S.r.l. benefit company, Hibot Corporation and Hypermeteo S.r.l. (up €2.5 million).

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The Terna Group's **total capital expenditure** during 2025, amounting to **€3,514.9 million**, is up **30.6%** compared with the €2,692.1 million of 2024.

Main capital expenditure in the NTG* (€m)



** Amounts including financial expenses.*

Net Working Capital of -€2,711.5 million resulted in a cash inflow of €686.3 million compared with 31 December 2024. This reflects the combined effect of:

Cash outflows

- decrease in **net energy-related pass-through payables** of €94.1 million, mainly due to the combined effect of the following factors:
  - increase in Terna S.p.A.'s net receivables for the provision of dispatching services of €211.9 million, mainly attributable to the Uplift[51] and Uplift-Other components;
  - higher net liabilities related to the units essential for the security of the electricity system – UESS (€28.0 million) arising from the collection items net of payments made during 2025 to the owners of the plants[52];
  - higher net payables related to the extraordinary modulation service (€87.2 million), due to charges arising from balancing adjustments to be settled with service providers in the early months of 2026;
- the €188.5 million increase in **net tax assets** mainly attributable to:
  - the increase in the net VAT receivable (up €123.4 million), resulting from the exit of the Parent Company Terna S.p.A. from the Split Payment regime starting from July 2025;
  - the decrease in net tax liabilities (€64.2 million) attributable to the combined effect of the settlement of the 2024 income tax balance (€112.3 million) and the payment of advances for 2025 (€469.7 million), net of recognised current income taxes for the year (€515.2 million).

[51] Resolution no. 345/2023/R/eel - The Integrated Electricity Dispatching Act (Testo Integrato del Dispacciamento Elettrico - TIDE) came into force on 1 January 2025. The TIDE streamlines all fees under Dispatching regulations. Therefore, the Authority established that the Uplift Fee should retain only those components strictly related to Dispatching activities, while a new fee (the "Fee to cover additional items relating to the dispatching service" - Other Fee) should incorporate the remaining components.

[52] ARERA authorised payments to operators of Essential Units through Resolutions no. 17-36-49-84-96-108-135-208-230-256-257-273-291-318-319-327-342-431-432-446-453-465-472-473-474-483-484-494-510-530-531-540-541/2025.

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Cash inflows

- decrease in **net receivables resulting from regulated activities** of €151.0 million mainly attributable to the combined effect of:
  - decrease in receivables (€195.0 million) due to the collection of the bonuses granted by ARERA in connection with the mechanism for improving dispatching efficiency for the period 2022-2024;
  - increase in net payables (€96.7 million) due to charges from the Inter-TSO Compensation (ITC) mechanism[53];
  - increase in transmission charge receivables (€151.4 million) related to the tariff update pursuant to ARERA Resolution no. 579/2024/R/eel and to the effects of the recognition of tariff decoupling adjustments for 2024 (collected in January 2026) and for 2025, including the effects of the revision of the capital cost revaluation criteria introduced by Resolution no. 130/2025/R/com;
- increase of €392.8 million in **net trade payables**, largely due to the rise in capital expenditure compared to the previous year;
- increase of €425.1 million in **other net liabilities**, mainly due to the rise in guarantee deposits received from operators participating in the capacity market, the MACSE and electricity market operators to guarantee contractual obligations (up by a total of €171.4 million), as well as increase in grants related to assets received from third parties (up by €212.7 million) and the higher balance of the Interconnector Guarantee Fund (up by €21.4 million).

Gross invested capital amounts to €20,800.4 million, up by €2,121.6 million compared with 31 December 2024.

Sundry provisions are down €11.5 million, mainly due to the following changes:

- net provisions for deferred tax assets of €58.0 million, primarily due to the effect on taxation of movements in derivative financial instruments held by the Group, amortisation and depreciation;
- net accruals to provisions for early retirement payments (down €2.4 million), custody deposits (down €2.6 million), urban and environmental redevelopment and remediation and restoration projects (down €18.2 million), right-of-way fees (down €3.1 million), tax risks (down €21.2 million) and charges recognised by the Tamini Group (down €13.5 million),
- use of the provision for disputes and litigation (up €2.4 million).

Net assets held for sale amounted to €13.6 million at 31 December 2025 and were substantially in line with the €15.2 million recognised at 31 December 2024, showing a modest change.

Total Net Invested Capital, including Net assets held for sale, amounts to €20,812.9 million, up €2,108.5 million compared to 31 December 2024. It is financed by equity attributable to owners of the parent of €7,791.3 million (up €267.1 million compared to €7,524.2 million at 31 December 2024), equity attributable to non-controlling interests of €21.4 million (€19.8 million at 31 December 2024) and net debt of €13,000.2 million, up €1,839.8 million compared to €11,160.4 million at 31 December 2024.

[53] Inter-TSO Compensation: a payment to TSOs for use of their national transmission grids (infrastructure and losses) to transport energy, including those relating to cross-border flows. The related charges have been covered by the CTR charge since 2020.

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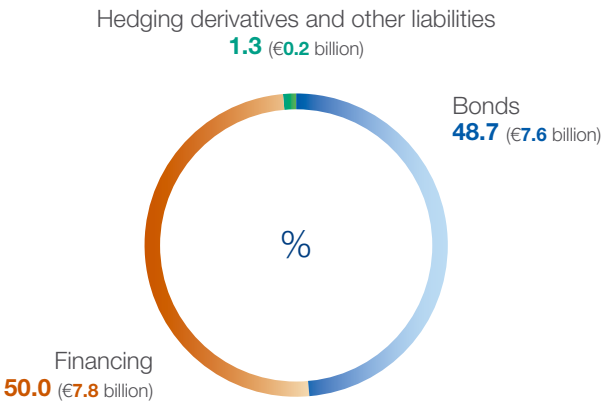
Debt

Gross debt

The Group's financial management is based on an approach that aims to maximise efficiency and achieve and maintain a solid and sustainable financial structure, with the aim of mitigating, in a particularly prudent manner, potential financial risks. The key aspects of the financial strategy adopted are diversification of the sources of funding, a balance between short- and medium/long-term forms of debt and the proactive management of debt.

Gross debt at 31 December 2025 amounts to approximately **€15.6 billion** and may be broken down as follows: €7.6 billion in the form of bond issues, €7.1 billion in medium/long-term bank loans and €0.7 billion in short-term borrowings.

The average term to maturity of medium/long-term debt, roughly 78% of which is fixed rate, is approximately 6 years.



The Group's bond debt consists of both public issues and private placements, carried out as part of the EMTN Bond Issuance Programme:

- the €12 billion EMTN Programme, authorised by the Commission de Surveillance du Secteur Financier (CSSF) and listed on the Luxembourg Stock Exchange;
- the €4 billion EMTN Programme, approved by CONSOB and listed on the electronic bond market (MOT) managed by Borsa Italiana.

Targeted exclusively at qualified investors, Terna's bonds have a significantly diversified investor base in terms of both sectors and geography. Most securities are listed on the Luxembourg Stock Exchange while some more recent issues are listed on the MOT.

With regard to bank debt, Terna's main lender is the European Investment Bank (EIB). The notional amount of outstanding debt at 31 December 2025 is approximately €4.7 billion.

Thanks to the solidity of its credit profile, the Group is able to borrow on the financial market at extremely favourable conditions, as confirmed by the transactions described in the paragraph "The Terna Group's financial resources" to which reference should be made.

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Net debt

The Group's net debt at 31 December 2025 amounts to €13,000.2 million, marking an increase of €1,839.8 million compared with 31 December 2024.

(€m)

	AT 31 DECEMBER 2025	AT 31 DECEMBER 2024	CHANGE
NET DEBT (BY TERM TO MATURITY)			
Total medium/long-term debt	**13,938.3**	**11,469.2**	**2,469.1**
- Bond issues	6,992.5	6,048.3	944.2
- Borrowings	6,894.2	5,362.1	1,532.1
- Derivative financial instruments	51.6	58.8	(7.2)
Total short-term debt/(funds)	**(938.1)**	**(308.8)**	**(629.3)**
- Bond issues (current portions)	579.9	499.5	80.4
- Short-term borrowings	720.3	1,657.1	(936.8)
- Borrowings (current portions)	195.9	181.5	14.4
- Other financial liabilities net	141.2	109.0	32.2
- Derivative financial instruments	(0.6)	1.7	(2.3)
- Financial assets	(742.1)	(446.1)	(296.0)
- Cash and cash equivalents	(1,832.7)	(2,311.5)	478.8
Total net debt	**13,000.2**	**11,160.4**	**1,839.8**
NET DEBT (BY TYPE OF INSTRUMENT)			
- Bond issues	7,572.4	6,547.8	1,024.6
- Borrowings	7,090.1	5,543.6	1,546.5
- Short-term borrowings	720.3	1,657.1	(936.8)
- Derivative financial instruments	51.0	60.5	(9.5)
- Other financial liabilities net	141.2	109.0	32.2
GROSS DEBT	**15,575.0**	**13,918.0**	**1,657.0**
- Financial assets	(742.1)	(446.1)	(296.0)
- Cash and cash equivalents	(1,832.7)	(2,311.5)	478.8
Total net debt	**13,000.2**	**11,160.4**	**1,839.8**
Net debt attributable to assets held for sale	**(2.8)**	**(1.9)**	**(0.9)**

Changes in the **Group's net debt** are as follows:

- €1,024.6 million increase in bonds mainly as a result of two new bond issues launched by Terna for a total of €1,500.0 million, partially offset by the repayment of a €500 million bond issue in July 2025 and the fair value adjustment of financial instruments;
- €1,546.5 million increase in medium/long-term bank loans, mainly as a result of new disbursements, totalling €1,701.0 million, net of repayments of instalments on existing EIB loans;
- €936.8 million decrease in short-term borrowings, essentially due to the repayment of commercial paper by the Parent Company;
- €9.5 million decrease in the fair value of derivative financial instruments due to changes in the portfolio and in the performance of the market interest rate curve;

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- €32.2 million increase in other net financial liabilities mainly due to the recognition of interest accrued on financial products;
- €296.0 million increase in financial assets, mainly due to changes in the securities portfolio and the investment of liquidity in financial instruments with a maturity of more than 3 months;
- €478.8 million decrease in cash and cash equivalents. Cash and cash equivalents at 31 December 2025 amounted to €1,832.7 million, of which €1,544.4 million are invested in short-term, highly liquid instruments and €288.3 million relate to bank accounts and cash on hand.

The **net financial debt of assets held for sale** amounting to down €2.8 million as of 31 December 2025 is represented by the value of Terna Peru S.A.C.'s cash and cash equivalents.

Reconciliation of the Group's profit for the year and equity attributable to owners of the parent with the corresponding amounts for the Parent Company

The reconciliation of consolidated equity and consolidated profit for 2025 and the corresponding amounts for the Parent Company is shown below.

(€m)

	NET PROFIT FY2025	EQUITY AT 31 DECEMBER 2025
Financial statements of Terna S.p.A.	**989.1**	**7,128.1**
Difference between equity in the financial statements, including profit/(loss) for the year, and the carrying amounts of investments in consolidated companies	162.7	2,358.3
Consolidation adjustments:		
- Intragroup dividends	(22.2)	(259.4)
- Elimination of unrealised intragroup profits net of the related taxation and other minor adjustments	(23.7)	(1,465.2)
- Foreign currency translation reserve	0.6	11.9
- Measurement of companies using the equity method	7.0	39.0
Total Consolidated financial statements	**1,113.5**	**7,812.7**
Non-controlling interests	2.0	21.4
Terna Group's Consolidated financial statements	**1,111.5**	**7,791.3**

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Terna S.p.A.'s financial review for 2025

A review of the operating performance and financial position of the Parent Company, Terna S.p.A., is provided below.

Terna S.p.A.'s reclassified income statement

Terna S.p.A.'s operating results for the years 2025 and 2024 are summarised in the following reclassified income statement, obtained by reclassifying amounts in the statutory Income statement.

(€m)

	2025	2024	CHANGE	% CHANGE
TOTAL REVENUE	**3,200.7**	**3,023.1**	**177.6**	**5.9%**
- Tariff revenue and incentives	2,903.8	2,741.9	161.9	5.9%
of which transmission revenue	*2,623.4*	*2,242.2*	*381.2*	*17.0%*
of which dispatching, metering and other revenue	*280.4*	*499.7*	*(219.3)*	*(43.9%)*
- Other operating income	175.9	168.3	7.6	4.5%
- Revenue from construction services performed under concession*	121.0	112.9	8.1	7.2%
TOTAL OPERATING COSTS	**753.5**	**709.7**	**43.8**	**6.2%**
- Personnel expenses	127.2	123.9	3.3	2.7%
- Cost of services, leases and rentals	473.3	443.4	29.9	6.7%
- Materials	1.9	1.8	0.1	5.6%
- Other costs	26.3	25.2	1.1	4.4%
- Quality of service	3.8	2.5	1.3	52.0%
- Cost of construction services performed under concession*	121.0	112.9	8.1	7.2%
GROSS OPERATING PROFIT/(LOSS) (EBITDA)	**2,447.2**	**2,313.4**	**133.8**	**5.8%**
- Amortisation, depreciation and impairment losses	858.3	795.0	63.3	8.0%
OPERATING PROFIT/LOSS (EBIT)	**1,588.9**	**1,518.4**	**70.5**	**4.6%**
- Net financial income/(expenses)	(158.6)	(131.2)	(27.4)	20.9%
PROFIT/(LOSS) BEFORE TAX	**1,430.3**	**1,387.2**	**43.1**	**3.1%**
- Income tax expenses for the year	441.2	416.8	24.4	5.9%
PROFIT FOR THE YEAR	**989.1**	**970.4**	**18.7**	**1.9%**

** Recognised in application of interpretation IFRIC 12 – Service Concession Arrangements.*

Gross Operating Profit (EBITDA) for the year amounts to **€2,447.2 million**, up €133.8 million compared with €2,313.4 million in 2024. The increase is mainly attributable to tariff revenue.

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Revenue amounts to **€3,200.7 million** and, net of construction revenue under concession (up €8.1 million), increased €169.5 million compared with the previous year, mainly attributable to:

- the impact on the Transmission and Dispatching Fee (up by €399.1 million) resulting from:
  - the recognition of the fast money component determined on the basis of the conventional capitalisation rate defined under the ROSS framework;
  - the reduction in the timeframe for tariff recognition of depreciation relating to investments made from 2024 onwards;
  - the recognition of the tariff decoupling adjustment for 2024 (ARERA Resolution no. 573/2025/R/eel), and the estimate of the tariff decoupling adjustment for 2025, also including the effect of the new parameters for the revaluation of the cost of capital (ARERA Resolution no. 130/2025/R/com);
  - an increase in the RAB and, at the same time, a reduction in the WACC, from 5.8% in 2024 to 5.5% in 2025;
- lower output-based incentives, amounting to €237.2 million, mainly attributable to the three-year mechanism for improving dispatching efficiency (ARERA Resolutions no. 597/2021/R/eel, no. 132/2022/R/eel, no. 326/2024/R/eel) and to the creation of incremental inter-zonal capacity;
- lower revenue relating to the RENS incentive mechanism, down by €3.8 million following the extension of the incentive mechanism to 2026 (ARERA Resolution no. 573/2025/R/eel), thereby updating the linearisation of the RENS performance until the new deadline;
- smaller gains on the sale of assets (down €1.2 million, essentially scrap, transformers and motor vehicles).

They also show higher revenue from damage compensation (up €0.8 million) and higher revenue from services on SA.CO.I.3 (up €3.8 million).

After excluding the cost of construction services performed under concession (up €8.1 million), **operating costs** for the year, amounting to **€753.5 million**, are up €35.7 million compared with the previous year. This essentially reflects the following:

- higher personnel expenses (up €3.3 million), essentially due to the increase in the average number of employees, net of higher capitalisations;
- higher service quality charges (up €1.3 million), mainly attributable to the higher costs incurred for the outages events that occurred during 2025;
- higher costs for crossing fees (up €3.2 million), for Terna's investment in GRIT and CORESO (up €2.5 million) and for training (up €1.8 million);
- increase in amounts payable to the subsidiary Terna Rete Italia S.p.A., due to the rise in operations and services provided on third-party infrastructure on behalf of the Company (€18.9 million).

Amortisation, depreciation and impairment losses for the year amount to **€858.3 million**, an increase of €63.3 million compared with 2024, mainly due to the commissioning of new assets, net of lower impairment losses recognised during the year.

Operating Profit (EBIT) of **€1,588.9 million** is up €70.5 million (up 4.6%) compared with 2024.

Net financial expenses for the year, which amounted to €158.6 million, increased by €27.4 million compared to €131.2 million in 2024, mainly due to new loans disbursed during 2025 and the decrease in financial income during the year. This increase was partially offset by higher capitalised financial expenses and higher dividends distributed by the subsidiaries during the year.

Income tax expenses for the year totals €441.2 million, showing an increase of €24.4 million (up 5.9%) on the previous year, essentially due to the increase in pre-tax profit and higher non-deductible costs recognised during the year. The tax rate stands at 30.8% up from 30.0% in 2024.

The **profit for the year** amounts to **€989.1 million**, an increase of €18.7 million compared with the €970.4 million of 2024.

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Cash flow

Operating cash flow and the overall change in net debt covered the cash needs linked to capital expenditure and to the payment of dividends to shareholders.

(€m)

	CASH FLOW 2025	CASH FLOW 2024
- Profit for the year	989.1	970.4
- Amortisation, depreciation and impairment losses	858.3	795.0
- Net change in provisions	12.7	(31.3)
- Net losses/(Gains) on sale of assets	(10.1)	(11.3)
Operating cash flow	**1,851.1**	**1,722.8**
- Change in net working capital	1,039.9	55.7
- Change in investments	(388.8)	3.9
- Other changes in property, plant and equipment and intangible assets	55.5	60.3
- Change in financial assets	(61.4)	32.0
Cash flow from operating activities	**2,495.2**	**1,874.7**
- Total capital expenditure	(3,434.9)	(2,625.9)
Free cash flow	**(939.7)**	**(751.2)**
- Dividends paid to shareholders	(795.9)	(691.9)
- Reserve for equity instruments, cash flow hedge reserve after taxation and other movements in equity attributable to owners of the Parent	(41.2)	826.6
Change in net debt	**(1,776.8)**	**(616.5)**



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Terna S.p.A.'s reclassified statement of financial position

Terna S.p.A.'s financial position at 31 December 2025 and 2024 is summarised in the following statement, obtained by reclassifying amounts in the Statement of financial position.

(€m)

	AT 31 DECEMBER 2025	AT 31 DECEMBER 2024	CHANGE
Total Net Non-current assets	**22,679.4**	**19,697.7**	**2,981.7**
- Intangible assets and goodwill	1,103.1	882.7	220.4
- Property, plant and equipment	19,586.7	17,275.6	2,311.1
- Financial assets	1,989.6	1,539.4	450.2
Total Net Working Capital	**(2,805.2)**	**(1,765.0)**	**(1,040.2)**
- Net energy-related pass-through payables	(530.3)	(654.7)	124.4
- Net receivables resulting from regulated activities	1,147.9	1,324.2	(176.3)
- Net trade payables	(2,116.9)	(1,299.0)	(817.9)
- Net tax assets/(liabilities)	111.7	(138.1)	249.8
- Other net liabilities	(1,417.6)	(997.4)	(420.2)
Gross Invested Capital	**19,874.2**	**17,932.7**	**1,941.5**
Sundry provisions	11.9	24.6	(12.7)
NET INVESTED CAPITAL	**19,886.1**	**17,957.3**	**1,928.8**
Equity	**7,128.1**	**6,976.1**	**152.0**
Net debt	**12,758.0**	**10,981.2**	**1,776.8**
TOTAL	**19,886.1**	**17,957.3**	**1,928.8**

The principal changes with respect to 31 December 2024 are described below.

Total Net Invested Capital amounts to €19,886.1 million at 31 December 2025, marking an increase of €1,928.8 million due to the effect of the change in **Net non-current assets** (up €2,981.7 million), in cash from changes in **Net Working Capital** (down €1,040.2 million) and in sundry provisions (down €12.7 million). This change is financed by equity of €7,128.1 million (up €152.0 million compared with the €6,976.1 million of 31 December 2024) and net debt of €12,758.0 million (up €1776.8 million compared with the €10,981.2 million of 31 December 2024).

Net non-current assets are up €2,981.7 million, primarily due to the following:

- capital expenditure of the Company (€3,434.9 million, including €2,598.3 million in Regulated Activities);
- amortisation and depreciation for the year (€849.5 million);
- other movements during the year in "Property, plant and equipment" and "Intangible assets", which fell €53.9 million reflecting grants related to assets (down €43.0 million, primarily for the re-routing of power lines at the request of third parties and projects financed by the Ministry of the Environment and Energy Security and the EU) and disposals and impairment losses resulting in a reduction of €9.7 million;
- financial assets up by €450.2 million, mainly due to the acquisition of the interest in Rete 2 S.r.l. on 30 September 2025 (up €228.5 million), the conversion into equity of the intercompany current account with the subsidiary Terna Energy Solutions S.r.l. on 3 August 2025 (up €161.4 million), the increase in guarantee deposits received from operators participating in the capacity market pursuant to Resolution no. 98/2011/R/eel and subsequent amendments (up €40.1 million) and the increase in the Interconnector Guarantee Fund established for the completion of interconnection works pursuant to article 32 of Law no. 99/09 (up €21.4 million).

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The change in **Net Working Capital** equal to down €1,040.2 million is mainly attributable to the growth in net trade payables, net payables from energy margin items, higher security deposits received from operators (capacity market, MACSE and electricity market), as well as to the increase in grants related to assets received from third parties and the higher amount of the Interconnector Guarantee Fund net of net tax payables and net energy-related pass-through payables.

Sundry provisions are up €12.7 million, primarily due to:

- net provisions for net deferred tax assets of €32.8 million, primarily due to the effect on taxation of movements in derivative financial instruments held by the Group, amortisation and depreciation and changes in provisions for risks and charges;
- net accruals to provisions for early retirement payments (down €2.4 million), right-of-way fees (down €8.5 million), tax provisions (down €20.8 million), provisions accrued for the decommissioning of the non-conventional storage system (SANC) (down €12.5 million) and urban and environmental redevelopment projects (down €4.0 million), net of the utilisation of the provisions for disputes (up €2.4 million).

Net debt of €12,758.0 million is up €1,776.8 million.

(€m)

	AT 31.12.2025	AT 31.12.2024	CHANGE
Net debt (by type of instrument)			
- Bond issues	7,572.4	6,547.8	1,024.6
- Borrowings	7,037.4	5,495.6	1,541.8
- Short-term borrowings	704.0	1,631.2	(927.2)
- Other financial liabilities net	141.2	108.9	32.3
- Derivative financial instruments	51.6	58.8	(7.2)
Gross debt	**15,506.6**	**13,842.3**	**1,664.3**
- Financial assets	(753.5)	(445.8)	(307.7)
- Cash and cash equivalents (including the net balance on intercompany current accounts)	(1,995.1)	(2,415.3)	420.2
Total net debt	**12,758.0**	**10,981.2**	**1,776.8**

The €1,664.3 million increase in gross debt of compared to 31 December 2024 is mainly due to the issue of two bond loans in February and July 2025, respectively, the drawing of loans with the EIB and other banks and the fair value adjustment of financial instruments. The increase was partially offset by the repayment of a bond loan in July 2025, of the instalments on existing EIB loans and of commercial paper.

Cash and cash equivalents of €1,995.1 million are down €420.2 million and consist of €1,385.0 million invested in short-term deposits and other readily convertible instruments, €191.5 million held in bank current accounts and in the form of cash in hand and €418.6 million corresponding with the net amount receivable on intercompany current accounts held by the Company on behalf of its subsidiaries.

Financial assets increased by €307.7 million, mainly due to changes in the securities portfolio and the investment of liquidity in financial instruments with a maturity of more than 3 months.

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Proposal to the Annual General Meeting about distribution of the profit for the year of Terna S.p.A.

The Terna S.p.A.'s Board of Directors proposes the distribution, for 2025, of a total dividend of €795,846,910.86, corresponding to €0.3962 per outstanding share, of which €0.1192 per outstanding share was approved as an interim dividend on 13 November 2025.

The Board of Directors thus proposes to allocate Terna S.p.A.'s profit for 2025, amounting to €989,075,987.11, as follows:

- €239,079,126.86 to cover the interim dividend paid from 26 November 2025 to each ordinary share outstanding at the record date of 25 November 2025;
- €556,767,784.00 as settlement of the dividend to be distributed to the extent of €0.2770 in relation to each of the 2,009,992,000 ordinary shares representing the share capital as at the date of this Board Meeting to be paid on 24 June 2026 with "ex-dividend date" of coupon no. 44 falling on 22 June 2026 (record date pursuant to article 83-terdecies of Legislative Decree no. 58 of 24 February 1998 "TUF" (Consolidated Law on Finance): 23 June 2026). The treasury shares held as of the above record date will not participate in the distribution. The final dividend for 2025 attributable to the treasury shares held by the Company at the record date, will be taken to retained earnings;
- €193,229,076.25 to be taken to Retained Earnings.



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Share price performance

Terna S.p.A. has been listed on Borsa Italiana's screen-based trading system (Mercato Telematico Azionario) since 23 June 2004. **From the date of floatation to the end of 2025, the share price has risen 433% (a capital gain)**, providing a Total Shareholder Return (TSR[54]) of 1,519%, ahead of both the Italian market (the FTSE MIB, up 262%) and the relevant European sector index (DJ Stoxx Utilities), which is up 514%.

The main European stock exchanges closed 2025 with positive performances. Milan gained 31.5%, Madrid and London were up 49.3% and up 21.5% respectively, and Frankfurt and Paris closed at up 20.0% and 10.4%, respectively.

Terna's shares closed 2025 at a price of €9.054/share, increasing its performance by up 18.8% compared to 31 December 2024. The European sector-based reference index (DJ Stoxx Utilities) was up 28.0%. The daily average volume traded during the period amounted to approximately 3.9 million. The shares reached a yearly high on 21 November 2025, closing at €9.176/share.

Key indicators per share

	2025	2024	2023	2022	2021	2020
Number of shares (in millions)*	2,010	2,010	2,010	2,010	2,010	2,010
Price at year end (€ per share)	9.05	7.62	7.55	6.90	7.11	6.25
Market capitalisation** (€m)	17,074	15,455	15,108	14,541	12,898	12,142
Average price for year (€ per share)	8.49	7.69	7.52	7.23	6.42	6.04
Earnings per share (€)	0.530	0.523	0.441	0.427	0.393	0.391
Dividend per share (€)	0.3962	0.3962	0.3396	0.314	0.291	0.270
Payout ratio***	71.60%	75.00%	77.09%	73.74%	74.12%	68.98%
Dividend yield****	4.4%	5.2%	4.5%	4.6%	4.1%	4.3%
Total shareholder return	24.2%	5.5%	14.1%	1.0%	18.8%	9.4%

* *The total number of shares representing the share capital. The number of shares in circulation amount to 2,006 million, following the buyback of treasury shares to service the Performance Share Plan 2025-2029.*
** *Based on the average price for the year.*
*** *The ratio of the total dividend to profit attributable to owners of the Parent.*
**** *Dividend per share for the year as a percentage of the share price at year end.*

Weighting of Terna's shares

	2025	2024
> on the FTSE MIB index	2.0%	2.2%

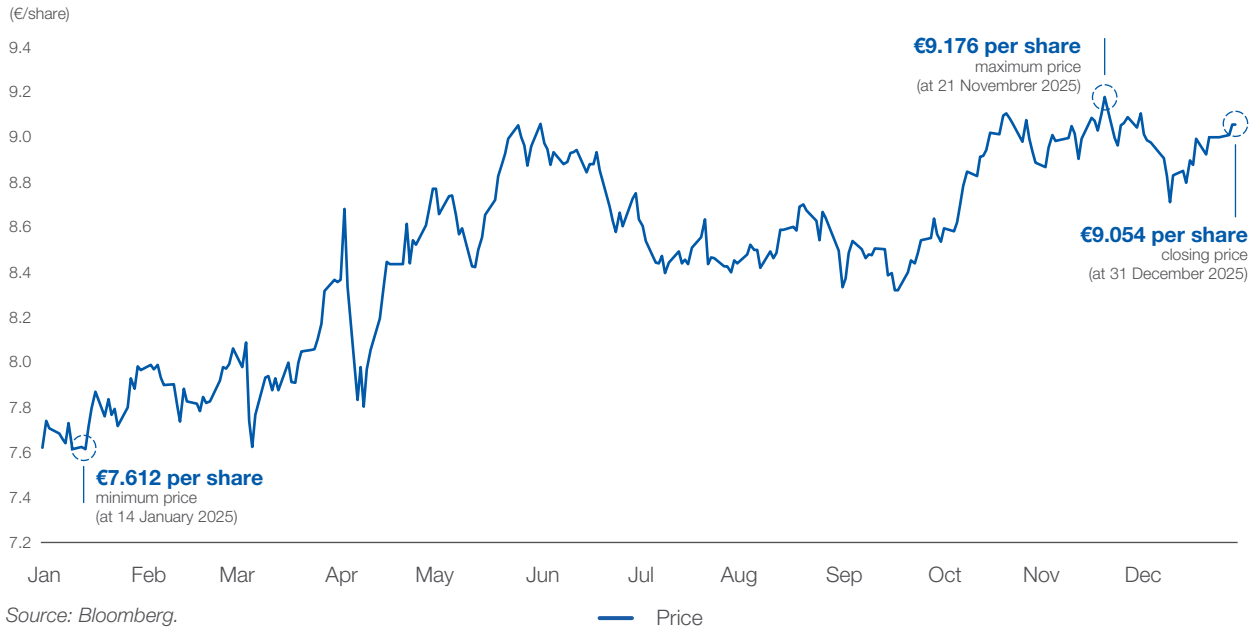
Source: Bloomberg.

[54] Total Shareholder Return (TSR): total return on an equity investment, calculated as the sum of:
I. capital gain: the change in the share price (difference between the price at the end and at the beginning of the relevant period) as a percentage of the price at the beginning of the period;
II. reinvested dividends: the ratio between dividends per share paid out during the period and the share price at the beginning of the period. Dividends are assumed to have been reinvested in the shares.

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Performance of Terna's shares

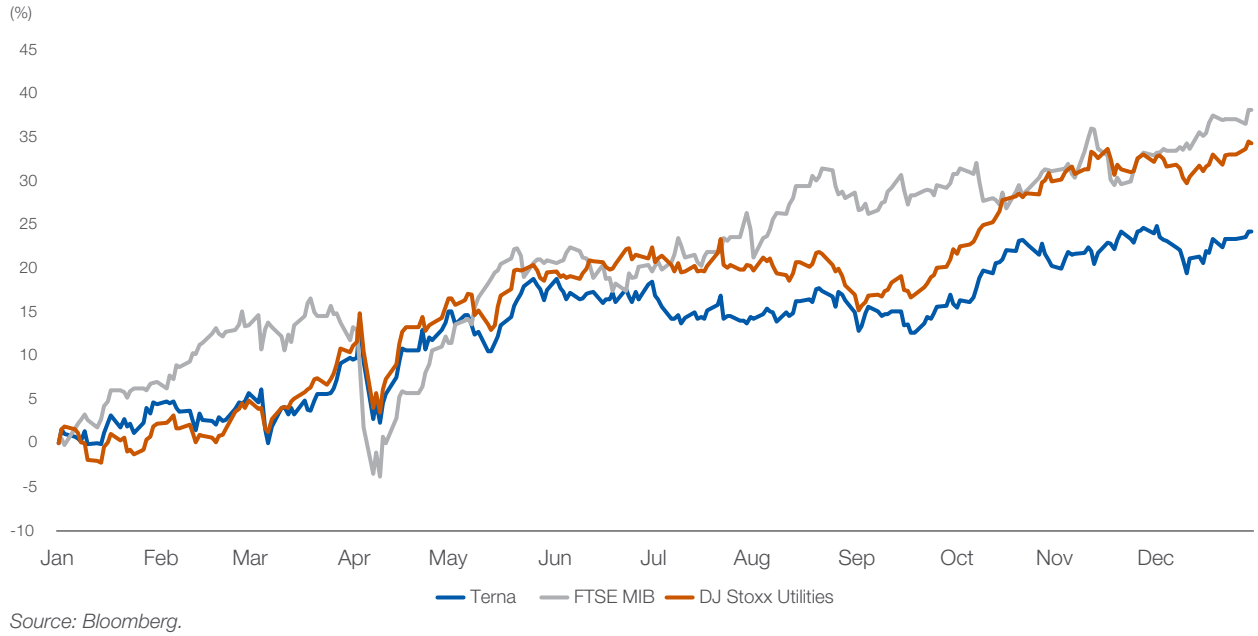
(price trend from 1 January to 31 December 2025)



Source: Bloomberg.

Total Shareholder Return on Terna's shares and the FTSE MIB and DJ Stoxx Utilities

(From 1 January to 31 December 2025)

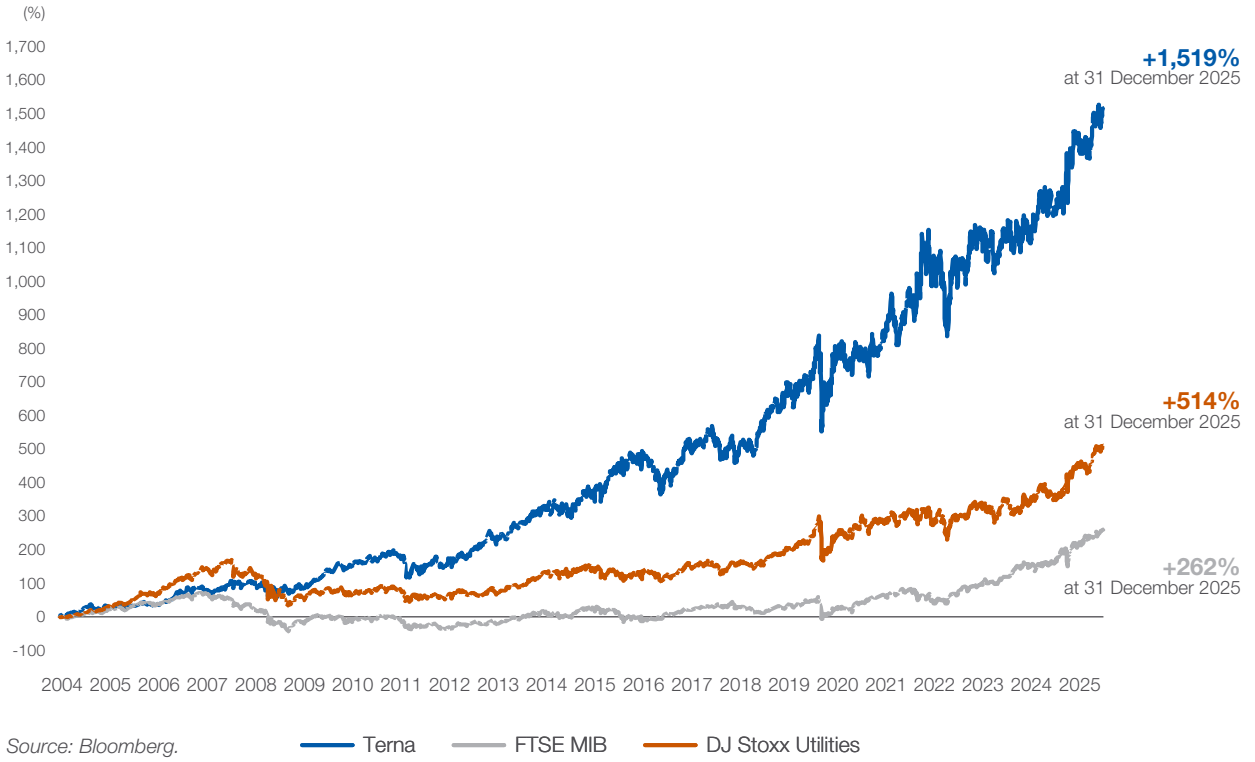


Source: Bloomberg.

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Total Shareholder Return on Terna's shares and the FTSE MIB and DJ Stoxx Utilities

(from the flotation to the end of 31 December 2025)



Source: Bloomberg.



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Main ratings and international ESG indices

Terna's commitment to measuring and improving its sustainability performance is reflected positively in its ESG (Environmental, Social and Governance) ratings and, as a result, in its presence in international stock exchange ESG indices.

ESG ratings

AGENCY	DESCRIPTION
S&P GLOBAL	Its **Corporate Sustainability Assessment (CSA)** is a periodic evaluation of companies' sustainability practices. The highest ranked companies are included in the Dow Jones Sustainability Index (Dow Jones Best-in-Class since 2025). As part of the score update in November 2025, the Group obtained a score of 90/100, the highest among the global electricity utilities evaluated. The result enabled Terna to obtain the Top 1% badge (the best) in the 2026 Sustainability Yearbook of S&P at the beginning of 2026, placing it among the top electricity companies.
SUSTAINALYTICS	It periodically publishes an **ESG Risk Rating Report** on the Company. In 2025, Terna's "Negligible Risk" rating (the best possible) was reaffirmed, establishing its position as the world leader in the electricity utility sector.
MOODY'S ANALYTICS	Its ESG performance assessments were incorporated into MSCI in 2025. The Group's most recent assessment, which was valid until June 2025, confirmed its Advanced level (the highest), with a score of 75/100.
MSCI	It periodically publishes an **ESG Ratings Report** in which is analyses and assesses companies on a scale from "AAA" (the highest rating) to "CCC". Terna has been assigned a rating of "AA".
CDP (CARBON DISCLOSURE PROJECT)	Its periodically produced **Climate Change** questionnaire focuses on issues linked to climate change. The questionnaire results in a rating expressed in letters on a scale from D to A. In 2025, Terna confirmed its score of "A-" (leadership bracket).
ISS ESG	It assesses the sustainability performances of companies based on approximately a hundred criteria. The highest ranked companies are awarded **Prime** status. In 2025, ISS ESG confirmed the Group's position at the top of the "Gas and Electricity Network Operators" sector globally, awarding it **Prime** status.
FTSE RUSSELL	Its ESG ratings reflect the company's exposure to - and management of - **ESG issues** and constitute the main input for inclusion in the FTSE4Good indices.
STANDARD ETHICS	Standard Ethics issues a judgement on the **level of compliance** by companies with respect to sustainability and corporate governance based on documents and guidelines published by international bodies. In early 2026, the agency confirmed Terna's "EE+" corporate rating ("Very Strong"), placing it in the top category ("Sustainable") and within the "Utilities" reference sector.

Main ESG indices

INDEX	DESCRIPTION
DOW JONES SUSTAINABILITY	The Dow Jones Sustainability indices (Dow Jones Best-in-Class since 2025) select the companies with the best sustainability performance among those with the highest capitalization. Terna has been included in the Dow Jones Sustainability World Index (DJSI World) since 2009.
FTSE4GOOD	The FTSE4Good indices are based on assessments carried out by FTSE Russel. Terna has been included in the index since 2005.
MSCI	Terna is a member of over a hundred of MSCI's general and sectoral ESG indices (including the MSCI World ESG Leaders index, recently renamed MSCI World Selection Index).
STOXX® GLOBAL ESG LEADERS	Launched in 2011, these indices are based on assessments made by the Sustainalytics rating agency and select the best shares based on ESG performance. Admission to the Global ESG Leaders Index, requires inclusion in at least one of the three specialist indices (Global Environmental Leaders, Global Social Leaders and Global Governance Leaders). Terna has been a member of all three indices since 2011.
EURONEXT SUSTAINABLE	Based on Sustainalytics' assessment, these indices (formerly known as Euronext Vigeo) are based on a universe of undertakings listed on international markets. In 2025, Terna was, once again, a member of the World 120, Euro 120 and Europe 120 indices.
MORNINGSTAR GLOBAL MARKETS SUSTAINABILITY LEADERS	The index comprises large-cap Morningstar Global Markets equities with the lowest environmental, social and governance risk within their reference universe. This index is diversified in terms of the sectors and geographical areas it covers, and it selects the 100 best companies in the relevant universe.
SOLACTIVE EUROPE CORPORATE SOCIAL RESPONSIBILITY	This index has replaced the previous Ethibel Sustainability Index. It includes a basket of European shares selected by the Ethibel Forum. Terna has been included since 2009 (taking into account earlier membership of the Ethibel Sustainability Index).
MIB ESG	Launched in 2021, this is Italy's first blue-chip index focusing on ESG best practices. The index is based on the outcome of the periodic assessment conducted by Sustainalytics.

In addition to the above indices, Terna is included in numerous sustainability indices (e.g. biodiversity indices, such as S&P Global Largemidcap Biodiversity and Euronext ESG Eurozone Biodiversity Leaders PAB Index, or gender equality indices, such as S&P Gender Equality & Inclusion Index and Euronext Equileap Gender Equality Eurozone 100 Index).

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Outlook

The current geopolitical landscape continues to deteriorate, with mounting rivalries between major powers, escalating regional tensions and intensifying competition for access to strategic resources. Furthermore, this situation has been exacerbated by the recent extension of the conflict in the Middle East. This context creates an unstable climate that makes the global economy vulnerable to potential shocks and inflationary pressures. These are linked to the fragmentation of value chains, the reorganisation of trade routes and the strengthening of protectionist measures.

Therefore, moderate economic growth is expected in 2026, which is slower than in 2025 and remains below pre-pandemic levels. In this scenario, the European electricity sector will continue its path to decarbonisation and energy security outlined in the Fit-for-55 package, as set out in Italy's NECP 2024.

Therefore, the Terna Group will focus on implementing the 2024-2028 Industrial Plan update, which includes investments totalling €17.7 billion, confirming Terna's role as an enabler of energy and digital transition, contributing to decarbonisation targets and increasing the Italian electricity system's independence.

In particular, with respect to **Regulated Activities**, the acceleration of investments aimed at increasing transport capacity, integrating growing volumes of production from renewable sources and improving the network's resilience and digitalisation will continue.

The strategic investment projects include the progress of the Tyrrhenian Link. In this respect, on the east link, the continuation and completion of laying terrestrial cables for both poles and the marine cable for pole 2, is planned, in addition to assembly activities for the main equipment in the converter substations. On the west link, the marine laying of the electrode is also planned, as well as the continuation of civil works and the laying of terrestrial cables. The civil works of the converter substations, as well as the production of electromechanical equipment and prefabricated buildings will also continue.

With respect to SA.CO.I.3, both the construction sites for the land-sea landings in Italy and Corsica and the cable laying of cables in Tuscany will continue. The laying of the terrestrial cable in Sardinia and marine power cables is also planned.

With respect to the Adriatic Link project, production of the marine cable and the civil engineering works for the terrestrial cables in the Marche and Abruzzo regions will continue, as will the qualification tests for the marine and terrestrial cables. Activities at the sites of the converter substations and production of the related electromechanical equipment will continue.

Finally, with respect to the Chiaramonte Gulfi – Ciminna project, after the opening of the related work sites, construction activities will continue alongside the securing of easements, the supply of materials and the second-level authorisation process with the relevant concessions.

In addition, the Group will continue to make progress towards meeting the requirements resulting from the output-based regulatory mechanisms introduced by ARERA, with regard to both reducing dispatching costs (Dispatching Services Market incentives (MSD), Resolution no. 326/2024/R/eel) and delivering additional interzonal transmission capacity (interzonal incentives, Resolution no. 55/2024/R/eel). The Group is committed to maintaining the performance

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levels achieved during the observation period. In 2026, ARERA is also expected to publish consultation documents and subsequent implementing resolutions regarding the experimental mechanism introduced with Resolution no. 390/2025/R/COM to encourage implementation and/or performance efficiency, for the evolution of regulation based on expenditure and output targets (ROSS). The Group will also continue to monitor the evolution of the main parameters used in the formula for calculating the WACC for the 2025-2027 regulatory period, depending on whether the trigger event for 2027 is activated.

With respect to **Non-Regulated Activities**, after completing the reorganisation process involving the subsidiaries of Terna Energy Solutions S.r.l., the Terna Group will gain a stronger foothold in the various segments of the energy transition value chain: the Altenia Group, a system integrator with specialised and diversified expertise in the design, construction and maintenance of electrical and renewable energy plants; the Tamini Group, a leading transformer manufacturer; and the Brugg Cables Group, a company operating in the terrestrial cable sector. The latter two, which are also instrumental in the realisation of the Group's investments, will develop high value-added activities for businesses, offering customers technological, innovative and digital solutions in the energy and industrial sectors and seizing growth opportunities by both strengthening market leadership and increasing production capacity.
The Group will also continue to develop its Connectivity business based on activities related to the dark fibre network.

With respect to **International activities**, the Group will continue the process of enhancing the asset portfolio in the American continent, taking all the actions that may be required to finalise the disposal transaction in Peru. In addition, monitoring of the foreign market will continue, with a focus on the Mediterranean and Balkan areas, with a view to gaining insights into changes in the backdrop and context.

In 2026, the Group will intensify its focus on improving operational efficiency and management of the transmission grid through the adoption of innovative technologies and the digitalisation of grid assets, thanks to the implementation of IoT technologies. This will include, by way of example, implementation of the latest mobile network technologies, the upgrade of monitoring systems and the development of advanced predictive algorithms designed to optimise infrastructure maintenance and boost grid resilience.

Management of the Terna Group's business will continue to be based on a sustainable approach and respect for ESG aspects, ensuring that it is able to minimise the environmental impact, involve local stakeholders and meet the need for integrity, responsibility and transparency.

In 2026, the Terna Group's expected financial highlights include revenue of €4.41 billion, EBITDA of €2.93 billion and net profit at €1.12 billion. With specific reference to capital expenditure, the Group has a target of approximately €4.2 billion in 2026. The above objectives will be pursued whilst maintaining a commitment to maximising the cash generation necessary to ensure a sound, balanced financial structure.

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Main risks and uncertainties

Business objectives and risk management

The Risk Management System has the ultimate purpose of supporting decision-making processes and developing awareness across the organisation of the level of risk assumed and its compatibility with the Company's objectives. The System also aims to spread and reinforce the risk culture at all levels of the organisation.

With regard to coordinated risk management, carried out by management in the various areas, for some time the Terna Group's Risk Management Framework has provided for adoption of a common reference framework that sets out objectives aligned with Terna's Business Model. This framework is described in detail in the section "General disclosures - Corporate Governance and sustainable success" to which reference should be made. This framework outlines the key factors of sustainable success in creating and maintaining business value.

The framework of **corporate objectives**, divided into **Strategic** (linked to the Industrial Plan) and **Recurring** (continuous risks linked to the activities carried out under concession, the corporate mission and the codes of conduct adopted), is used annually by management as the main reference for the **identification** of risk events, including emerging ones.



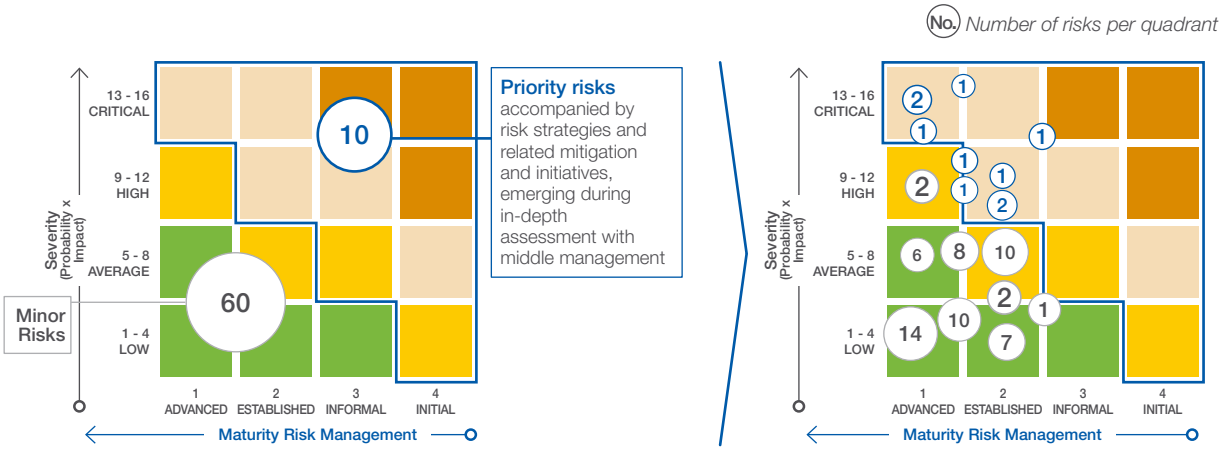
On the basis of the objectives framework, each identified risk event is **assessed** in terms of the combination between impact (divided into four types: financial, reputational, operational and HSE-Sustainability) and likelihood of occurrence over the life of the Plan. The assessment also takes into account the level of maturity of existing risk management systems. Based on the outcomes, risk **treatment** priorities and appropriate responses are chosen through the selection of mitigation or corrective actions.

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A business's risk profile is not static, but dynamic and may alter due to changes in the external environment and/or as a result of internal organisational and business decisions. Therefore, **monitoring** is carried out with the aim of verifying the evolution of the Group's risk profile, the exposure to the main risks, the trend of the defined risk indicators (KRIs), together with the progress of the mitigation actions defined.

The above phases of the risk management process are regularly repeated (at least once a year).

In particular, since October 2025, an update of the Enterprise Risk Assessment ("ERM") was initiated, which, in line with previous years, was carried out according to a top-down approach and with the involvement some second-line and top managers. The analysis took into account the main changes in the external context (macroeconomic variables, geopolitical crises, etc.) and internal context (company organisation, processes, procedures, etc.). These variables - both external and internal - contributed to the assessment of the risk events identified, enabling the Group to update its risk profile. This led to the identification of 70 risk events, 10 of which are priorities, as described below:



Priority risks are managed in a structured way with defined safeguards. Specific mitigation actions (action plans) were identified for each top risk, together with a set of Key Risk Indicators (KRIs) for quarterly monitoring.

The risks emerging from the 2025 Risk Assessment update are also related to the topics of the European Sustainability Reporting Standards (ESRS), in accordance with EU Directive no. 2022/2464 (Corporate Sustainability Reporting Directive - CSRD) and the related Italian transposition decree (Legislative Decree no. 125 of 6 September 2024).

For more details on the Double Materiality process and the details of the Terna Group's sustainability risks, see the section "Double Materiality" in the Terna Group Consolidated Sustainability Statement.

Each risk identified, in addition to being assessed, is also classified according to its type. In its ERM framework, Terna has identified six risk categories, as outlined below.

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External / market risk

Terna operates in a regulatory context characterised by the government concession and the provisions of the Regulatory Authority for Energy, Networks and the Environment (ARERA).

Given the specific nature of the business and the environment it operates in, Terna is therefore exposed to risks arising from the regulatory and legislative framework, which can impact revenues from concession activities, especially during multi-year tariff reviews. In some cases these are real challenges that require the need for careful risk management in order to properly assess their implications for the Group. For more details on the current regulatory dynamics, see the "Reference scenarios - Regulatory framework" section, in addition to other contextual factors related to the economic and financial trends of the markets that Terna operates in. Among these, fluctuations in commodity prices, which have been influenced in recent years by international geopolitical tensions (wars in Ukraine and the Middle East), and in interest rates, both short- and long-term, are a major issue that could affect operating costs, investments and debt management. These elements, together with regulatory challenges, require a focused and flexible strategic approach to ensure long-term resilience and sustainability.

Operational risk

Sustainable investments in the national transmission grid, which are essential to support the energy transition and guarantee the efficiency and security of the electricity system, represent the Group's core business and directly involve the various regions through discussions with all the main stakeholders, local communities, authorities and institutions.

Terna is therefore exposed to operating risks connected with the execution of the works envisaged in the Development Plan, which on the one hand depend on the intrinsic engineering and technological characteristics of the construction projects, which are often very complex and innovative (such as the large HVDC projects and the innovative Hypergrid), and on the other on external issues that are not easily controllable (such as obtaining environmental and/or administrative authorisations or objections by local communities), with consequent impacts on the timing and integrity of the investment plan.

The management of Terna's plant construction sites also requires great attention to the safety of Terna's people and the contractors/subcontractors working there, so as not to incur risks related to the health and safety of workers.

Other aspects that expose the Group to operational risks concern the management of the National Transmission Grid, aimed at ensuring the continuity and quality, safety, adequacy and cost-effectiveness of the electricity system. Extraordinary events, malfunctions and failures, but also the increasing complexity of managing the system itself, which is increasingly interconnected and integrated with renewable sources, lead to greater variability and uncertainty in the management of the electricity system's balancing and could test the system's ability to maintain quality and safety standards.

In a context where the performance of company operations is heavily reliant on the use of ICT technologies and digital tools, the careful operation of systems and technological infrastructure preserves the Group from malfunctions, failures or system stoppages, which could compromise continuity and cause operational inefficiencies.

Legal / Contractual risk

Legal risks for Terna represent the potential negative consequences of not fulfilling contractual obligations in relation to the activities that the Group carries out. Such risks may manifest themselves through sanctions or legal disputes, for example with regard to issues such as non-compliance with contractual terms.
The occurrence of these risks could cause financial and non-financial and/or reputational damage to the Group.

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Compliance risk

This category of risk refers to the possibility that there may be violations, in part or in full, of laws and regulations by Terna, resulting in criminal, civil, tax and/or administrative sanctions, as well as damage to assets and other property, business and/or reputation.

In order to effectively manage this type of risk, Terna sought to strengthen its governance controls, defining an effective Compliance Management System, to be placed alongside the company's existing Management Systems and other tools for overseeing compliance (including centralised management models such as the Organisational Model pursuant to Legislative Decree no. 231/2001, Trade Compliance, the Model under Law 262/2005, Tax Control Framework, etc.) and thus have a further guarantee of managing compliance aspects relating to complex realities like that of the Group.

To this end, since 2022 Terna S.p.A. has implemented a Compliance Management System and adopted a dedicated Policy, earning, on 4 February 2023 – first in Italy – the UNI ISO 37301:2021 certification of its Compliance Management System, extended to all relevant "compliance obligations". This certification, issued by the IMQ Certification Body, was also awarded on the same date to the main Terna Group companies (the subsidiaries Terna Rete Italia S.p.A., Terna Plus S.r.l. and Terna Energy Solutions S.r.l.).

Counterparty risk

The Group operates in a complex context characterised by simultaneous energy transition processes initiated in Europe, which are putting a strain on the production capacity of the main suppliers Terna works with. One of the main critical issues is a large increase in investments related to the energy transition of TSOs in Europe, which puts additional stress on suppliers' production capacity and imposes industrial choices based on market demand. This could result in a greater attractiveness of other countries compared to Italy, or choices to delocalise the production of Terna's key suppliers, already limited in number. Added to this is the possible difficulty of some suppliers to meet the Group's growing demand, in a context where the availability of specialised resources is limited and the production capacity of some sectors is saturated, as well as the failure of critical suppliers due to unfavourable economic conditions.
The possible consequence is delays/extra costs in the execution of works of planned projects.
This complex combination of factors therefore requires proactive risk management through careful planning, supplier diversification (where possible) and continuous monitoring of the market environment.

Natural / Human-induced events

The intensification of extreme weather events (tornadoes, heavy snowfall, ice, floods) due to climate change is becoming increasingly frequent and impactful. The increase in their intensity is directly proportional to the potential damage they can cause to the electricity infrastructure, with risks to the continuity and quality of the service provided by Terna.
The Resilience Plan is a response to these events and consists of reinforcing the grid, to which substantial investments have been dedicated.

However, Terna is not only exposed to natural threats, but also to malicious events such as cyber-attacks (which are also affected by geopolitical instability with the conflicts in Ukraine and the Middle East), which could also cause loss of visibility and manoeuvrability of managed plants, temporary unavailability of critical systems, loss of data and/or extra costs for restoration, and, last but not least, reputational damage.
These are events to which Terna pays great attention and to which it is extremely sensitive given the extent of the possible consequences, thus putting in place technological, procedural and organisational safeguards that place risk containment measures at a maximum level.

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Terna Group risk analysis and prevention with respect to the geopolitical scenario

The Terna Group is constantly monitoring possible risks associated with the current geopolitical situation and international political dynamics. Particular focus is given to the evolving tensions arising from the ongoing war in Ukraine and the hostilities in the Middle East.

To this end, the new international sanctions regime is constantly monitored, and due diligence and ordinary controls have been strengthened. The main potential areas of concern to be monitored continuously by the task forces are: **cyber security, economic and financial, the electricity system** and the **impact on procurement**.

The ongoing conflict between Russia and Ukraine and the crisis in the Middle East have led to an increase in **cyber-attacks** on Italian government and corporate websites. These shows of force have not led to major upheaval or data breaches, with disruption being short-term in nature.
Thanks to the continuous sharing of information with government bodies and priority access to information from Cyber Threat Intelligence providers, a series of specific rules and policies have been implemented as part of Terna's cyber protection systems with the aim of preventing any malicious acts. Checks confirmed that Terna does not use any cyber security products or services for its IT infrastructure that are connected to the Russian Federation. Analysis was also carried out to determine the presence of Israeli (or related) technologies on Terna's digital infrastructure, especially in the field of cyber security, in order to monitor risk exposure and proactively deploy any necessary measures to reduce the impacts on Terna.

On the **financial front**, following the overall update of the values of the parameters used to calculate the WACC, pursuant to the Resolution published by ARERA at the end of 2024 (Resolution no. 513/2024/R/com), the regulatory WACC for the 2025-2027 three-year period is set at 5.5%. Furthermore, the regulator confirmed a revision mechanism for the WACC in 2026-2027 if, following the update of certain parameters, the WACC rises or falls by more than 30 bps. ARERA Resolution no. 476/2025/R/com published in November 2025 confirmed, for 2026, the regulatory WACC at 5.5%.
In addition, in 2025, the European Central Bank continued the process of interest rate cuts undertaken in 2024. In particular, since June 2024, interest rates were cut eight times for a total of more than 2%. In general, the ECB's decisions will gradually be reflected in Terna's cost of debt over the next few years, also given the average duration of existing debt and the high percentage of financing currently at a fixed rate (78%). In the coming months, the following factors will be monitored: the evolution of international trade policies; monetary policy decisions; the geopolitical context; and the trend in economic growth. These factors could potentially increase the volatility of financial markets.

Based on Terna's current regulation, which provides for indexing of the operating costs recognised in the tariff and the RAB, no significant negative economic impact is expected from the increase in the price index.

Finally, it should be noted that the Terna Group currently has access to funding represented by liquidity and committed lines of credit (thus immediately available). This, together with the ability to generate cash, will enable the Group to meet its funding requirements for the next 18-24 months and respond to any further capital market tensions.

For 2025, evidence to date shows no impact on the adequacy of the **electricity system** due to a combination of factors, including demand still below the peaks values achieved and the increase in installed generation capacity, mainly related to renewable sources and storage and the path of diversification of natural gas import sources, undertaken in 2022.

The **average gas price recorded in 2025 on the Title Transfer Facility (TTF)**, one of Europe's largest wholesale natural gas markets, **stood at approximately €36/MWh**, slightly up from €34/MWh in 2024. Overall, 2025 was characterised by significant volatility in gas prices, particularly at the start of the year when prices reached a peak of up to €60/MWh before

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gradually normalising. From spring to autumn, prices stabilised at lower levels, supported by greater availability of liquefied natural gas (LNG) and favourable weather conditions. Similar to the gas sector, wholesale electricity prices also increased in 2025 compared to the previous year. Indeed, **in 2025 the PUN averaged a spot price of €115/MWh**, while in 2024 it had been €109/MWh. This increase reflects the impact of gas prices on thermoelectric production costs, as well as the ongoing sensitivity of costs to changes in natural gas prices. Despite the diversification of supply sources, an energy security issue remains given that almost all the gas consumed in Italy is imported from third countries.

In terms of **procurement**, all qualified suppliers are subject to due diligence with regard to international sanctions, and Terna no longer uses any Russian qualified suppliers.

Despite continuous disruptions on the supply side (component availability, price excursions and extended delivery times), the negative impacts are mitigated with active management of the demand-supply balance for key line and substation equipment supplies.

On the price variability front, the legislative provision making their revision mandatory is currently mitigated by the current regulatory framework.

With regard to large projects (e.g. Tyrrhenian Link, Adriatic Link, SA.CO.I.3, Elmed and GR.ITA.2), whose converter substation construction and cable connection contracts are subject to ongoing tenders or in execution, an impact resulting from possible changes in the economic balance of the suppliers cannot be excluded, which translates into requests for increases in the contractual fees or, in the case of their indexing, increases linked to predetermined formulas. These risks are mitigated by targeted management of contracts with suppliers.

Integrated Management System

The **Integrated Management System** is the tool that – via certified management systems – optimises coordination of all the units responsible for overseeing business processes. It is also an important risk management tool because it ensures the effectiveness and efficiency of systems and highlights potential risks in the areas under observation.

The Integrated Management System also plays a key role in stakeholder engagement, by monitoring and measuring issues of interest to stakeholders, and keeping a constant eye on improvement, thereby helping to boost transparency and trust in stakeholders' relations with the Group.

The Integrated Management System covers all the Italian and international activities of Terna S.p.A., and its subsidiaries, Terna Plus S.r.l., Terna Rete Italia S.p.A., Terna Energy Solutions S.r.l. and Terna Crna Gora d.o.o.

During 2025, the Terna Group successfully carried out the activities necessary to maintain and renew all certifications/accreditations, extending the scope of the Information Security Management System (TIMM - Market Monitoring Code - scope) to the GAUDì application.

Certification of Administration, Finance and Control processes

Terna remains committed to the excellence of its administrative and accounting processes in its third year since earning – first in Italy – **UNI Pdr 104/2021 certification** for the **management and internal control system of administrative and accounting processes** for the Parent Company Terna S.p.A. and its subsidiaries.

The UNI Pdr 104 2021 certification, valid for five years and issued by Intertek Italia S.p.A., continues to spotlight the company's focus on perfecting its financial reporting procedures, while also attesting to a solid, transparent governance of all administrative, tax and related control processes.

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Part of the path leading to certification involved the development and periodic updating of the Organisational, Administrative and Accounting Structure Report for each Group company, which allows the governing bodies to express an assessment of the adequacy of that structure pursuant to article 2382, paragraph 5, of the Italian Civil Code and the Corporate Crisis Code.

The company has also adopted a specific Administrative and Accounting Policy that provides a framework for the key principles of a proper administrative and accounting structure, a prerequisite for obtaining certification and a guide for activities in the area of Administration, Finance and Control.

Terna Group certifications and accreditation

TYPE	SCOPE	YEAR OF 1ST ISSUE	YEAR OF RELEASE	YEAR OF EXPIRY
ISO 9001:2015	Terna Group (*)(**)	2001	2025	2028
ISO 14001:2015	Terna Group (*)(**)	2007	2025	2028
ISO 45001:2023	Terna Group (*)(**)	2019	2025	2028
ISO 50001:2018	Terna Group (*)(**)	2015	2024	2027
ISO 37001:2016	Terna Group (*)	2017	2022	2026
ISO 37301:2021	Terna Group (*)	2023	2023	2026
UNI PdR 125:2022	Terna Group (*)	2024	2024	2027
Biosafety Trust Certification	Terna S.p.A.	2021	2024	2027
ISO 55001:2015	Terna S.p.A. - Terna Rete Italia S.p.A.	2018	2024	2027
ISO 9001:2015	Tamini Group	1993	2024	2027
ISO 14001:2015	Tamini Group	2015	2024	2027
ISO 45001:2018	Tamini Group	2015	2024	2027
ISO 37001:2016	Tamini Group	2022	2025	2028
ISO 27001:2022	Terna S.p.A. only for Market Monitoring Code applications	2011	2024	2026
UNI PdR 104:2021	Terna S.p.A.	2023	2023	2028
ISO 9001:2015	Brugg Cables Group (sites in Switzerland)	1995	2024	2027
ISO 14001:2015	Brugg Cables Group (sites in Switzerland)	1998	2024	2027
ISO 45001:2018	Brugg Cables Group (sites in Switzerland)	2021	2024	2027
ISO 9001:2015	Brugg Cables Italia S.r.l.	2023	2023	2026
ISO 14001:2015	Brugg Cables Italia S.r.l.	2023	2023	2026
ISO 45001:2018	Brugg Cables Italia S.r.l.	2023	2023	2026
ISO 9001:2015	Brugg Cables Group (sites in China)	2015	2023	2026
ISO 14001:2015	Brugg Cables Group (sites in China)	2015	2023	2026
ISO 45001:2018	Brugg Cables Group (sites in China)	2020	2023	2026
ISO/IEC 17025:2018	Terna Rete Italia S.p.A. for multi-site test laboratories in Viverone (BI), Civitavecchia (RM) and Frattamaggiore (NA)	2014	2026	2030
ISO/IEC 17025:2018	Terna Rete Italia S.p.A. for calibration laboratories in Florence, Turin and Cagliari	2017	2025	2029
ISO 9001:2015	Altenia Group	2016	2025	2028
ISO 14001:2015	Altenia Group	2016	2025	2028
ISO 45001:2023	Altenia Group	2019	2025	2028
SOA certification	Terna S.p.A.	2002	2023	2026
SOA certification	Terna Rete Italia S.p.A.	2016	2024	2026
SOA certification	Terna Energy Solutions S.r.l.	2019	2025	2027
SOA certification	Terna Plus S.r.l.	2015	2025	2028
SOA certification	Brugg Cables Italia S.r.l.	2025	2025	2028
SOA certification	Altenia S.r.l.	2025	2025	2028
SOA certification	STE Energy S.r.l. (controlled by Altenia S.r.l.)	2020	2025	2028

(*) Applies to Terna S.p.A., Terna Plus S.r.l., Terna Rete Italia S.p.A. and Terna Energy Solutions S.r.l..
(**) Also applies to Terna Crna Gora D.o.o..
Terna Rete Italia S.p.A. has also implemented a "Management System for the Prevention of Major Accidents" in accordance with the provisions of Legislative Decree no. 105/2015 (the "Seveso Directive").

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Tax control framework

Terna S.p.A.'s tax risk management

Terna S.p.A. joined the Cooperative Compliance regime governed by Legislative Decree no. 128 of 5 August 2015 and subsequent measures in the 2022 tax period, also by adopting the **Tax Control Framework** (TCF), an organisational model aimed at managing, controlling and mitigating tax risk.

The Cooperative Compliance regime aims to increase the level of certainty on important tax issues thanks to constant and preventive discussions with the tax authority based on actual circumstances, aimed at a common assessment of situations likely to generate relevant risks. Terna S.p.A.'s inclusion in the taxpayers admitted to the Cooperative Compliance regime is the result of a positive assessment conducted by the Revenue Agency and essentially attests to the reliability of Terna S.p.A.'s procedures and control systems and qualifies the company as a "privileged" party in relations with the tax authorities.

The Group's **Tax Strategy** was approved in 2022 and defines the objectives and principles underlying the management of relations with tax authorities, with a commitment to promoting a culture of tax compliance among employees. In keeping with the Code of Ethics, it pursues the goal of ensuring tax compliance in accordance with the spirit and letter of the tax laws of the domestic system and of the countries where the Terna Group companies operate.

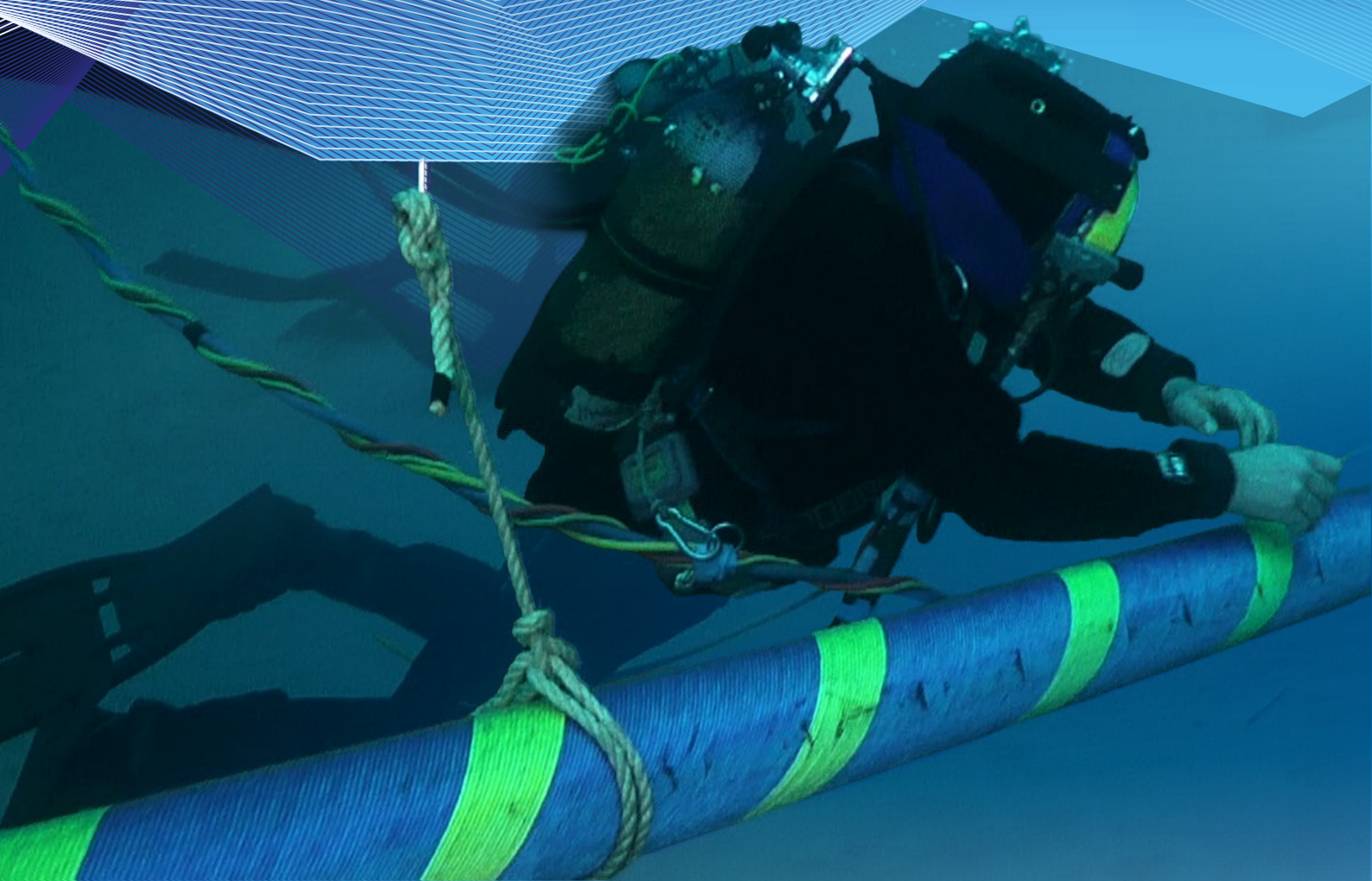
Conduct characterised by cooperation and transparency towards the tax authorities and third parties is promoted within the Terna Group in order to minimise any substantial impact in terms of risk, be it fiscal or reputational, in order to protect and distribute value to all stakeholders in the medium-long term.

From an operational point of view, Terna S.p.A. has adopted its own tax risk management and control system called the **Tax Compliance Model**, establishing a set of rules, procedures, organisational structures and controls aimed at enabling the detection, measurement, management, control and monitoring of tax risk.

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Consolidated Sustainability Statement 2025

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General disclosures

BP-1
BP-2

General basis for preparation

As from reporting year 2024, the Terna Group has prepared Consolidated Sustainability Statement pursuant to Legislative Decree no. 125 of 6 September 2024 (the "Decree"), which transposes the provisions of Directive (EU) no. 2022/2464 - the Corporate Sustainability Reporting Directive ("CSRD") - into national law, replacing the previous non-financial reporting requirements (pursuant to Legislative Decree no. 254/2016). In 2023, the Sustainability Report and the Consolidated Non-financial Statement of the Terna Group were included in the Integrated Report.

With its Consolidated Sustainability Statement, the Terna Group's objective is to provide all stakeholders with material information on ESG matters, in order to provide an understanding of the strategy adopted, the commitments made and the initiatives implemented in relation to 2025 (from 1 January 2025 to 31 December 2025) and the medium - and long - term forecasts, ensuring transparent and structured communication to allow stakeholders to understand the Group's activities, its performance, its results and the impacts generated on the environment and on people.

The Consolidated Sustainability Statement 2025, in line with the requirements of the CSRD, has been prepared in accordance with the European Sustainability Reporting Standards (ESRS) issued by the European Financial Reporting Advisory Group (EFRAG) and, in the "Environmental information" section, includes the information required pursuant to article 8 of the EU Taxonomy and its delegated acts.

Consolidation Perimeter

The Consolidated Sustainability Statement 2025 was prepared on a consolidated basis with the same consolidation perimeter applied in preparing the Terna Group's Consolidated financial statements. In particular, the information refers to the Parent Company Terna S.p.A. and its subsidiaries consolidated on a full line-by-line basis in the consolidated financial statements as at 31 December 2025[55], that is, over which the Parent Company exercises control, as defined by IFRS 10, that do not include associates and joint ventures, which are therefore consolidated using the equity method. For more details on subsidiaries and the scope of consolidation, please refer to the information in the "Notes" to the Consolidated financial statements.
All material ESRS topics are reported at Terna Group level, with any exceptions specifically disclosed.

Document Structure

As mentioned above, Terna Group's Consolidated Sustainability Statement has been structured in compliance with the regulatory requirements established by the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), with particular reference to Appendix D of standard ESRS 1. This approach not only ensures transparency, consistency and comparability of the reported information, but is also in line with the recommendations of the European Securities and Markets Authority (ESMA), which emphasises the importance of a clear and consistent structure to facilitate stakeholder understanding and accessibility of sustainability information.

[55] Control exists when the Parent Company has the power or the ability to influence the relevant activities and is exposed to or has the right to variable returns from its involvement with the investee, and the ability to use its power over the subsidiaries to affect the amount of the investor's returns.

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The Consolidated Sustainability Statement is therefore divided into four basic sections, each of which responds to the regulatory requirements and methodological guidelines defined by the ESRS:

- General disclosures: The first section provides an introductory overview of the Consolidated Sustainability Statement, describing the scope of application, the entities included and the methodological criteria adopted to prepare the report. The information required by ESRS 2 is also reported, including sustainability governance, the Terna Group's relationship with its stakeholders, and the remuneration system. In addition, the Double Materiality Assessment process, a cornerstone of this type of disclosure, is described in detail. This process enables the identification of material environmental, social and governance topics in order to guide the reporting of the relevant information. The same section also provides general information on the policies adopted by the Terna Group for the management of material topics;
- Environmental information: the second section focuses on the environmental aspects of sustainability, in accordance with ESRS category "E" (Environmental). Information on the following material topics is reported:
  - EU Taxonomy;
  - Climate change (ESRS E1);
  - Biodiversity and ecosystems (ESRS E4);
  - Resource use and circular economy (ESRS E5);
  - Quality, security and continuity of the electricity service (Entity-specific topic).
- Social information: the third section deals with social issues, according to ESRS category "S" (Social), and includes:
  - Own Workforce (ESRS S1);
  - Workers in the value chain (ESRS S2);
  - Local communities (ESRS S3);
  - Customers (ESRS S4).
- Governance information: the last section is dedicated to sustainability governance and business conduct, in line with ESRS category "G" (Governance). The following material topics are covered:
  - Business conduct and management of relationships with suppliers (ESRS G1);
  - Innovation and digitalisation (Entity-specific topic);
  - Cyber security (Entity-specific topic).

In order to make the document more user-friendly, each section of the document aimed at covering one or more ESRS disclosure requirements is tagged at the beginning with the relevant code, namely the applicable disclosure requirement. Lastly, it is specified that, as regards the above sections, in line with the structure of the standards so as to best represent the information to be reported, the Terna Group has chosen to present the policies, targets and metrics adopted in relation to the relevant topic (e.g. climate change, own workforce, etc.); while the actions have been organised looking at the relevant sub-topic (e.g. adaptation to and mitigation of climate change, working conditions, etc.). Finally, the Consolidated Sustainability Statement includes information, provided on a voluntary basis, that does not meet specific disclosure requirements, but is however necessary in order to provide stakeholders with a clearer and more complete overview of the Terna Group's sustainability commitments. The detailed breakdown is provided below:

- summary information on the dialogue and communication channels adopted by the Group to strengthen the dialogue with stakeholders, reported within the "General disclosures" section, under "Relationship with stakeholders" (page 176);
- information that delves into Terna Group's Corporate Governance system, reported within the "General disclosures" section, under "Corporate governance and sustainable success" (page 198);
- information that delves into the Group's decarbonisation process, the SF_6 gas management and the decarbonisation of Italy's energy mix, reported within the "Environmental information" section, under "Climate change" (pages 227; 240; 242).

As part of the Consolidated Sustainability Statement 2025, the Terna Group has provided the current configuration of its value chain, describing the upstream and downstream players of which it consists and including, where possible, detailed information about them.
In this regard, it is specified that, in carrying out the Double Materiality Assessment of impacts, risks and opportunities (IRO), any possible impact on the value chain was indicated (see "Disclosure Requirement SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model").
With regard to policies, objectives and actions, should these involve actors in the value chain, this has been made explicit in the relevant sections.

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With respect to metrics, the number of fatalities as a result of work-related injuries and work-related ill health for value chain workers, the calculation of Scope 3 greenhouse gas (GHG) emissions, the number of complaints submitted through the channels set up by the company and the cases of non-respect of the UN Guiding Principles on Business and Human Rights, also consider the value chain in the information collected. In relation to the value chain, it should also be noted that the mapping, in terms of context analysis (carried out at the sector analysis level), considered not only direct suppliers but also sub-suppliers (tier 2). More specifically, regarding the availability of information, the content of the Consolidated Sustainability Statement 2025 refers to direct suppliers (tier 1). In order to further strengthen the management of information relating to the Group's value chain, it is highlighted that, in line with the 2024-2028 Sustainability Plan update, activities are ongoing to update the mapping of business segments, with the aim of achieving progressive alignment with the Corporate Sustainability Due Diligence Directive, as well as to progress the pathway towards a Science Based Target for nature and the commitment to establish a Net Zero target; both initiatives are connected to the evaluation of impacts across the value chain.

In the Consolidated Sustainability Statement 2025, the Terna Group has not availed itself of the option to omit specific information about patents, intellectual property, know-how or innovation results.

The Terna Group has not availed itself of the exemption to disclose information to the market regarding impending developments or matters in the course of negotiation that may affect the market or its shareholders, such as financial news, material changes or other matters that are being negotiated or developed and are in the process of being defined.

It should also be noted that the metric values, unless otherwise stated within the respective thematic areas, have not been verified by an external party other than the entity issuing the attestation of conformity.

Time horizons

The Group's material impacts, risks and opportunities were assessed in the short-, medium- and long-term. These time horizons are aligned with the Terna Group's strategic pathway, enabling the reported information to be assessed in comparison with the provisions set out in the 2024-2028 Industrial Plan update, although they partially differ from those suggested by ESRS 1 – 6.4 "Definition of short, medium and long-term horizons for reporting purposes".

The time horizons are, therefore, defined as follows:

- short-term: 1 year;
- medium-term: from the end of the short-term reference period until the end of the 2024-2028 Industrial Plan update reference period;
- long-term: beyond the time horizon of the Plan.

Financial resources shown and link to the Consolidated financial statements

In line with the previous financial year, the Terna Group discloses the amount of operating expenditure (OpEx) and capital expenditure (CapEx) attributable to 2025 within the subject areas that make up this document when they are available and significant, that is, in case they exceed a defined materiality threshold in terms of the value of equity attributable to owners of the parent. With respect to the use of future financial resources associated with said actions, these are aligned with the amounts set forth in the 2024-2028 Industrial Plan update. Therefore, no further expenditure is disclosed in detail, taking into account, among other things, that the distribution of resources may change based on market dynamics, regulatory developments and the outcome of internal assessments, including the Double Materiality Assessment.

Use of estimates

In line with the previous year, the Group has used estimates for performance metrics E1-5 (indirect electricity consumption) and E1-6 (Scope 2 emissions). For further details on the sources of uncertainty and the assumptions applied, reference should be made to the

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section "Climate change – Metrics related to climate change" within the "Environmental information". In addition, estimates were made for resource inflows and waste. For further details on the sources of uncertainty and the assumptions applied, reference should be made to the section "Promoting the circular economy - Metrics related to the promotion of the circular economy" within the "Environmental information". Further specifications on this are appropriately covered in the relevant sections. Finally, with regard to the value chain, estimates were applied to determine certain Scope 3 categories.
In order to continuously improve the representational accuracy of the information, the Terna Group is committed to periodically assessing potential methodological developments.
Furthermore, the reporting of forward-looking information, such as targets and future objectives, may be subject to change depending on market and contextual dynamics, regulatory developments and the outcomes of internal assessments. In line with this forecast, an in-depth internal study was carried out in 2025 with the Sustainability Plan Coordination Group, taking into account the base year in relation to the Plan's targets. As a rule, the baseline year was indicated as the year in which the Plan was drafted or updated. Following this activity, it was considered appropriate to reconsider the baseline year and value for some indicators, updating them with a value that was considered more significant for the subsequent targets set out in the document: "Projects to enhance biodiversity on existing supports"; "Kilometres of obsolete overhead lines removed'"; "Kg of regenerated SF_6 gas"; "Percentage of women managers two levels below the CEO out of total managers two levels below the CEO"; "significant projects accompanied by stakeholder engagement initiatives (%)"; "Number of projects involving innovative Start-ups/SMEs compared to the total number of corporate innovation projects (%)".

Changes in the preparation and presentation of sustainability information

In preparing the Consolidated Sustainability Statement, the Terna Group revised the calculation methodologies applied to the following metrics: Gross GHG emissions for scope 1, 2 and 3, and total GHG emissions (E1-6), for which reference should be made to the paragraph "Metrics related to climate change - Gross GHG emissions for scope 1, 2 and 3, and total GHG emissions"; Resource inflows (E5-4) and resource outflows (E5-5), for which reference should be made to the paragraph "Metrics related to the promotion of the circular economy – Resource inflows and Resource outflows"; Training and skills development metrics (S1-13), for which reference should be made to the paragraph "Metrics related to own workforce – Training and skills development metrics"; and Payment practices (G1-6), for which reference should be made to the paragraph "Metrics related to business conduct and supplier relationship management – Payment practices".

Information incorporated by reference

In relation to information incorporated by reference, the Group provides appropriate evidence of the section of the Consolidated Sustainability Statement and/or Report on Operations to which reference is made. For further details, reference should be made to the table "ESRS content index" in the section "General disclosure".

Transitional Provisions (phase-in)

In continuity with the disclosures reported in 2024 and taking into account the extension and expansion of the phase-in provisions introduced by Commission Delegated Regulation (EU) 2025/1416 of 11 July 2025 ("Quick Fix"), the Group has decided to make use, also for 2025, of the applicable transitional provisions listed in Appendix C of ESRS 1, as well as those relating to the value chain.

The following disclosure requirements constitute exceptions, which the Group, starting from the previous financial year, elected to include in the document and continues to report in the current year: S1-7 "Characteristics of non-employee workers in the undertaking's own workforce"; S1-8 "Collective bargaining coverage and social dialogue"; S1-11 "Social protection"; S1-12 "Persons with disabilities"; S1-13 "Training and skills development metrics"; S1-14 "Number of fatalities resulting from work-related injuries and illnesses among workers in the value chain"; S1-15 "Work-life balance metrics".

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IRO-2

ESRS content index

With regard to how the undertaking determined the information to be disclosed in relation to impacts, risks and opportunities considered material, please refer to the paragraph "Double materiality" within this section. References to the disclosure requirements of the ESRS are shown below in detail.

EUROPEAN SUSTAINABILITY REPORTING STANDARDS (ESRS)	DISCLOSURE REQUIREMENT	PHASE-IN	INCORPORATION BY REFERENCE	PAGE
General disclosures				
	Basis for preparation			
	BP-1 – General basis for preparation of sustainability statements			164
	BP-2 – Disclosures in relation to specific circumstances			164
	Governance			
	GOV–1 The role of the administrative, management and supervisory bodies			198; 204
	GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies			198; 204
	GOV-3 Integration of sustainability-related performance in incentive schemes			210
	GOV-4 Statement on due diligence			209
	GOV-5 Risk management and internal controls over sustainability statement			204
ESRS 2	**Strategy**			
	SBM-1 Strategy, business model and value chain	Par. 40 b) and c)	RG pages 78; 84-86;	
	SBM–2 Interests and views of stakeholders			176; 182
	SBM–3 Material impacts, risks and opportunities and their interaction with strategy and business model			182
	Impact, risk and opportunity management			
	IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities			182
	ESRS Content Index and contents from other EU legislation			168-171; 172-176
	IRO-2 Disclosure Requirements in ESRS covered by the undertak-ing's sustainability statement			168; 182
Environmental information				
EU Taxonomy				
	Governance			
	E1 GOV–3 Integration of sustainability-related performance in incentive schemes			210
	Strategy			
	E1-1 Transition plan for climate change mitigation			227
	E1 SBM–3 Material impacts, risks and opportunities and their interaction with strategy and business model			229
	Impact, risk and opportunity management			
	E1 IRO-1 Description of the processes to identify and assess climate-related material impacts, risks and opportunities			229
	MDR - P Minimum policy reporting requirement			237
E1 Climate Change	E1-2 Policies related to climate change mitigation and adaptation			237
	MDR - A Minimum action reporting requirement			239
	E1-3 Actions and resources in relation to climate change policies			239
	Metrics and targets			
	MDR-T Minimum measurable target reporting requirement			244
	E1-4 Targets related to climate change mitigation and adaptation			244
	MDR-M Minimum disclosure requirement regarding metrics			247-248
	E1-5 Energy consumption and mix			247
	E1-6 Gross scopes 1, 2, 3 and total GHG emissions			248
	E1-9 – Anticipated financial effects from material physical and transition-related risks and potential climate-related opportunities	Phase-in		

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EUROPEAN SUSTAINABILITY REPORTING STANDARDS (ESRS)	DISCLOSURE REQUIREMENT	PHASE-IN	INCORPORATION BY REFERENCE	PAGE
E2 Pollution	Not material. See the paragraph "Double materiality" for further details with reference to ESRS 2 IRO-1.			
E3 Water and marine resources	Not material. See the paragraph "Double materiality" for further details with reference to ESRS 2 IRO-1.			
E4 Protecting biodiversity	**Strategy**			
	E4 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model			251
	Impact, risk and opportunity management			
	E4 IRO-1 Description of processes to identify and assess material biodiversity- and ecosystem-related impacts, risks and opportunities			251
	MDR-P Minimum policy reporting requirement			253
	E4-2 Policies related to biodiversity and ecosystems			253
	MDR-A Minimum action reporting requirement			258
	E4-3 Actions and resources related to biodiversity and ecosystems			258
	Metrics and targets			
	MDR-T Minimum measurable target reporting requirement			262
	E4-4 Targets related to biodiversity and ecosystems			262
	MDR-M Minimum disclosure requirement regarding metrics			264
	E4-5 Impact metrics related to biodiversity and ecosystems change			264
	E4-6 Anticipated financial effects from biodiversity- and ecosystem-related risks and opportunities	Phase-in		
E5 Resource use and circular economy	**Impact, risk and opportunity management**			
	E5 IRO-1 Description of the processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities			265
	MDR-P Minimum policy reporting requirement			265
	E5-1 Policies related to resource use and circular economy			265
	MDR-A Minimum action reporting requirement			268
	E5-2 Actions and resources in relation to resource use and circular economy			268
	Metrics and targets			
	MDR-T Minimum measurable target reporting requirement			273
	E5-3 Targets related to resource use and circular economy			273
	MDR-M Minimum disclosure requirement regarding metrics			274; 276
	E5-4 Resource inflows			274
	E5-5 Resource outflows			276
	E5-6 – Anticipated financial effects from resource use and circular economy-related risks and opportunities	Phase-in		

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EUROPEAN SUSTAINABILITY REPORTING STANDARDS (ESRS)	DISCLOSURE REQUIREMENT	PHASE-IN	INCORPORATION BY REFERENCE	PAGE
Social information				
	Strategy			
	S1 SBM–2 Interests and views of stakeholders			281
	S1 SBM–3 Material impacts, risks and opportunities and their interaction with strategy and business model			281
	Impact, risk and opportunity management			
	MDR - P Minimum policy reporting requirement			283
	S1-1 Policies related to own workforce			283
	S1-2 Processes for engaging with own workforce and workers' representatives about impacts			291
	S1-3 Processes to remedy negative impacts and channels for own workers to raise concerns			292
	MDR-A Minimum action reporting requirement			294
	S1-4 Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions			294
	Metrics and targets			
	MDR-T Minimum measurable target reporting requirement			322
S1 Own workforce	S1-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities			322
	MDR-M Minimum disclosure requirement regarding metrics			324-331
	S1-6 Characteristics of the undertaking's employees			324
	S1-7 Characteristics of non-employee workers in the undertaking's own workforce			325
	S1-8 Collective bargaining coverage and social dialogue			325
	S1-9 Diversity metrics			326
	S1-10 Adequate wages			326
	S1-11 Social protection			326
	S1-12 Persons with disabilities			327
	S1-13 Training and skills development metrics			327
	S1-14 Health and safety metrics	Phase-in par. 88 (non-employee workers)		328
	S1-15 Work-life balance metrics			329
	S1-16 Remuneration metrics (pay gap and total remuneration)			329
	S1-17 Incidents, complaints and severe human rights impacts			330
	Strategy			
	S2 SBM–2 Interests and views of stakeholders			332
	S2 SBM–3 Material impacts, risks and opportunities and their interaction with strategy and business model			332
	Impact, risk and opportunity management			
	MDR-P Minimum policy reporting requirement			334
	S2-1 Policies related to value chain workers			334
	S2-2 Processes for engaging with value chain workers about impacts			336
S2 Workers in the value chain	S2-3 Processes to remedy negative impacts and channels for value chain workers to raise concerns			292; 336
	MDR-A Minimum action reporting requirement			336
	S2-4 Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions			336
	Metrics and targets			
	MDR-T Minimum measurable target reporting requirement			338
	S2-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities			338

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EUROPEAN SUSTAINABILITY REPORTING STANDARDS (ESRS)	DISCLOSURE REQUIREMENT	PHASE-IN	INCORPORATION BY REFERENCE	PAGE
S3 Local Communities	**Strategy**			
	S3 SBM–2 Interests and views of stakeholders			339
	S3 SBM–3 Material impacts, risks and opportunities and their interaction with strategy and business model			339
	Impact, risk and opportunity management			
	MDR-P Minimum policy reporting requirement			340
	S3-1 Policies related to local communities			340
	S3-2 Processes for engaging with local communities about impacts			341
	S3-3 – Processes to remediate negative impacts and channels for local communities to raise concerns			292; 341
	MDR-A Minimum action reporting requirement			341
	S3-4 Taking action on material impacts on local communities, and approaches to managing material risks and pursuing material opportunities related to local communities, and effectiveness of those actions			341
	Metrics and targets			
	MDR-T Minimum measurable target reporting requirement			344
	S3-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities			344
S4 Consumers and end users	**Strategy**			
	S4 SBM–2 Interests and views of stakeholders			345
	S4 SBM–3 Material impacts, risks and opportunities and their interaction with strategy and business model			345
	Impact, risk and opportunity management			
	MDR-P Minimum policy reporting requirement			345
	S4-1 Policies related to consumers and end users			345
	S4-2 Processes for engaging with consumers and end users about impacts			346
	S4-3 Processes to remedy negative impacts and channels for consumers and end users to raise concerns			292; 346
	MDR-A Minimum action reporting requirement			346
	S4-4 Taking action on material impacts on consumers and end users, and approaches to managing material risks and pursuing material opportunities related to consumers and end users, and effectiveness of those actions			346
	Metrics and targets			
	MDR-T Minimum Measurable Target Reporting Requirement			348
	S4-5 Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities			348
Governance information				
G1 Business conduct	**Governance**			
	G1 GOV–1 The role of the administrative, management and supervisory bodies			200-201
	Impact, risk and opportunity management			
	G1 IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities			349
	MDR-P Minimum policy reporting requirement			350; 359; 362
	G1-1 – Corporate culture and business conduct policies			350
	MDR-A Minimum action reporting requirement			357; 359; 364
	G1-2 Management of relationships with suppliers			359
	G1-3 Prevention and detection of corruption and bribery			204; 362
	Metrics and targets			
	MDR-P Minimum policy reporting requirement			367
	G1-4 Incidents of corruption or bribery			368
	G1-6 Payment practices			368

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List of datapoints that derive from other EU legislation

DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LEGISLATION REFERENCE	MATERIAL/ NOT MATERIAL	PAGE NUMBER
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex I		Delegated Regulation (EU) 2020/1816 of the Commission (5), Annex II		Material	198; 204
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)			Delegated Regulation (EU) 2020/1816 of the Commission, Annex II		Material	198; 204
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 of Table #3 of Annex I				Material	209
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicator number 4 of Table #1 of Annex I	Article 449-bis of Regulation (EU) n. 575/2013; Implementing regulation (EU) 2022/2453 of the Commission (6), Table 1 - Qualitative information on environmental risk and Table 2 - Qualitative information on social risk	Delegated Regulation (EU) 2020/1816 of the Commission, Annex II		Not relevant	
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 of Table #2 of Annex		Delegated Regulation (EU) 2020/1816 of the Commission, Annex II		Not relevant	
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 of Table #1 of Annex I		Article 12, paragraph 1, Delegated Regulation (EU) 2020/1818 (7) and Delegated Regulation (EU) 2020/1816, Annex II		Not relevant	
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco paragraph 40 (d) iv			Article 12, paragraph 1, Delegated Regulation (EU) 2020/1818 and Annex II, Delegated Regulation (EU) 2020/1816		Not relevant	
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14				Regulation (EU) 2021/1119, Article 2(1)	Material	227
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)		Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2		Not relevant	
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 of Table #2 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 6		Material	244
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 of Table #1 and Indicator number 5 of Table #2 of Annex I				Material	247

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DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LEGISLATION REFERENCE	MATERIAL/ NOT MATERIAL	PAGE NUMBER
ESRS E1-5 Energy consumption and energy mix, paragraph 37	Indicator number 5 of Table #1 of Annex I				Material	247
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 of Table #1 of Annex I				Material	247
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 of Table #1 of Annex I	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)		Material	248
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicator number 3 of Table #1 of Annex I	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 Template 3: Banking book – Climate change transition risk: alignment metrics	Delegated Regulation (EU) 2020/1818, Article 8(1)		Material	248
ESRS E1-7 GHG removals and carbon credits paragraph 56				Regulation (EU) 2021/1119, Article 2(1)	Not relevant	
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66			Delegated Regulation (EU) 2020/1818, Annex II Delegated Regulation (EU) 2020/1816, Annex II		Material	phase-in
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.			Material	phase-in
ESRS E1-9 Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph 67 (c).		Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraph 34;Template 2:Banking book -Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral			Material	phase-in
ESRS E1-9 Degree of exposure of the portfolio to climate- related opportunities paragraph 69			Delegated Regulation (EU) 2020/1818, Annex II		Material	phase-in

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DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LEGISLATION REFERENCE	MATERIAL/ NOT MATERIAL	PAGE NUMBER
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph 28	Indicator number 8 of Table #1 of Annex I; Indicator number 2 of Table #2 of Annex I; Indicator number 1 of Table #2 of Annex 1; Indicator number 3 of Table #2 of Annex I				Not relevant	
ESRS E3-1. Water and marine resources paragraph 9	Indicator number 7 of Table #2 of Annex I				Not relevant	
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 of Table #2 of Annex I				Not relevant	
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 of Table #2 of Annex I				Not relevant	
ESRS E3-4 Total water recycled and reused paragraph 8 (c)	Indicator number 6.2 of Table #2 of Annex I				Not relevant	
ESRS E3-4 Total water consumption in m3 per net revenue on own operations paragraph 29	Indicator number 6.1 of Table #2 of Annex I				Not relevant	
ESRS 2- IRO 1 - E4 paragraph 17 (a) i	Indicator number 7 of Table #1 of Annex I				Material	251
ESRS 2- IRO 1 - E4 paragraph 17 (b)	Indicator number 10 of Table #2 of Annex I				Material	251
ESRS 2- IRO 1 - E4 paragraph 17 (c)	Indicator number 14 of Table #2 of Annex I				Material	251
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 of Table #2 of Annex I				Material	253
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 of Table #2 of Annex I				Not relevant	
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 of Table #2 of Annex I				Material	253
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 of Table #2 of Annex I				Material	276
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 of Table #1 of Annex I				Material	276
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 of Table #3 of Annex I				Not relevant	
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 of Table #3 of Annex I				Not relevant	
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 of Table #3 of Annex I and Indicator number 11 of Table #1 of Annex I				Material	283

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DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LEGISLATION REFERENCE	MATERIAL/ NOT MATERIAL	PAGE NUMBER
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 21			Delegated Regulation (EU) 2020/1816, Annex II		Material	283
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 of Table #3 of Annex I				Not relevant	
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	Indicator number 1 of Table #3 of Annex I				Material	283
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 of Table #3 of Annex I				Material	292
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 of Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	328
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 of Table #3 of Annex I				Material	328
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 of Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	329
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 of Table #3 of Annex I				Material	329
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 of Table #3 of Annex I				Material	330
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 of Table #1 of Annex I and Indicator n. 14 of Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II and Delegated Regulation (EU) 2020/1818 Art 12 (1)		Material	330
ESRS 2- SBM3 - S2 Significant risk of child labor or forced labour in the value chain paragraph 11 (b)	Indicators number 12 and 13 of Table #3 of Annex I				Material	332
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 of Table #3 of Annex I and Indicator number 11 of Table #1 of Annex I				Material	334
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and 4 of Table #3 of Annex I				Material	334
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 of Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II and Delegated Regulation (EU) 2020/1818 Art 12 (1)		Material	334
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8, paragraph 19			Delegated Regulation (EU) 2020/1816, Annex II		Material	334

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DISCLOSURE REQUIREMENT AND RELATED DATAPOINT	SFDR REFERENCE	PILLAR 3 REFERENCE	BENCHMARK REGULATION REFERENCE	EU CLIMATE LEGISLATION REFERENCE	MATERIAL/ NOT MATERIAL	PAGE NUMBER
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 of Table #3 of Annex I				Material	336
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 of Table #3 of Annex I and Indicator number 11 of Table #1 of Annex I				Material	340
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 of Table #1 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II and Delegated Regulation (EU) 2020/1818 Art 12 (1)		Material	340
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 of Table #3 of Annex I				Material	341
ESRS S4-1 Policies related to consumers and end-users paragraph 16	Indicator number 9 of Table #3 of Annex I and Indicator number 11 of Table #1 of Annex I				Material	345
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 of Table #1 of Annex I		Annex II to Commission Delegated Regulation (EU) 2020/1816 and Article 12(1) of Commission Delegated Regulation (EU) 2020/1818		Material	345
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 of Table #3 of Annex I				Material	346
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 of Table #3 of Annex I				Not relevant	
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	Indicator number 6 of Table #3 of Annex I				Not relevant	
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 of Table #3 of Annex I		Delegated Regulation (EU) 2020/1816, Annex II		Material	368
ESRS G1-4 Standards of anti-corruption and anti- bribery paragraph 24 (b)	Indicator number 16 of Table #3 of Annex I				Material	368

SBM-2

Relationship with stakeholders

Group stakeholders

Consistent with the values of integrity and transparency expressed in the Code of Ethics, the attention attributed by the Group to the requests and expectations of all those who, for various reasons, have a relationship with it (hereinafter referred to as stakeholders[56]), especially in terms of impacts associated with sustainability topics, is translated into an ongoing commitment to establish opportunities for **engagement and regular dialogue** and into ensuring accessibility to channels used for complaints and reports. This is also in order to facilitate the creation and consolidation of optimal relationships by considering the interests of its stakeholders and analysing their compatibility with business objectives.

To this end, the Group regularly updates the mapping of its stakeholders in the manner defined by a dedicated guideline, the **'Stakeholder Management Framework'**.

[56] Stakeholders are persons and/or organisations that can influence or be influenced by the undertaking's activities.

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Specifically, stakeholders, characterised according to their level of influence on and dependence upon the Group, are grouped into the categories set out below (the mapping comprises a total of 12 categories and 53 sub-categories), for which the main engagement activities are also described:

STAKEHOLDER	MAIN ENGAGEMENT ACTIVITIES
Concession activity decision-makers	Periodic dialogue with the Italian Regulatory Authority for Energy, Networks and Environment (ARERA) and with the Ministry of the Environment and Energy Security (MASE)
Shareholders	Constantly updated 'Investors' section of the website and availability of dialogue channels and e-mails
Credit providers	Meetings with rating agencies during management meetings
Business partners	Agreements and partnerships with major corporations, institutions, national and international research institutes and universities
Customers	Active engagement of customers in the different stages of plant and/or product design
Community	Support for community projects, sponsorships and donations
Local communities	Engaging and listening to local communities at an institutional level and directly with citizens
Public decision-makers and authorities	Ongoing dialogue with the authorities to enhance Terna's expertise and active participation in the work of major national and international reference organisations
Suppliers	Engagement and dialogue with Terna through various communication channels. For additional information, reference should be made to the 'Dialogue and communication channels' paragraph
Media and opinion makers	Various dialogue and communication channels, diversified by type of audience, language and purpose
Electricity service operators	Ongoing engagement initiatives with operators in the electricity sector; for further details, see the paragraph "Dialogue and communication channels"
The organisation's people	Listening initiatives (online surveys, focus groups and internal communication initiatives), and awareness-raising initiatives (e.g. the 'Excellence in Safety' programme)

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Terna's stakeholder engagement activities are aimed at communicating the Group's ESG value, increasing confidence and ensuring transparent operations, in addition to improving service quality from an inclusive and sustainable perspective. The aim is to engage and empower personnel, encouraging merit, gender equality and talent development, in addition to integrating ESG principles in the supply chain. Furthermore, by communicating constantly with the authorities, the Terna Group promotes social inclusion, energy transition and digitalisation, contributing to the well-being of communities and the sustainable development of the National Electricity System.

These activities are complemented by periodic consultation initiatives carried out as part of the Double Materiality Assessment and the update of the stakeholder management model, with the aim of gathering views and interests through an engagement process designed to identify the most material sustainability matters. This approach makes it possible to gather expectations at an early stage, also in relation to emerging trends and/or issues related to sustainability topics, providing the Group with the necessary information to properly manage its impacts, risks and opportunities.

Overall, all the above activities show how the Group integrates the interests and expectations of its stakeholders into the definition of its strategy and business model, ensuring alignment with the most significant sustainability issues.

From a methodological perspective, the involvement of internal functions, experts, opinion leaders and stakeholders who use the reports supports the Group both in assessing the materiality of impacts, risks and opportunities and in validating and ensuring the completeness of the analyses performed, thereby making a significant contribution to the Double Materiality Assessment. The outcomes of the Double Materiality Assessment process, by guiding sustainability planning integrated into industrial planning, influence the Group's strategic decisions and the management of its activities[57].

Specifically, as part of the Double Materiality process carried out in 2025 in application of the requirements introduced by the Corporate Sustainability Reporting Directive, stakeholder engagement activities were further strengthened through the conduct of a series of interviews with representatives of the Group's main stakeholder categories, focused on the sustainability topics of greatest interest.

The outcomes of stakeholder engagement were taken into account within the impact materiality assessment for the purpose of identifying material impacts for the Terna Group, providing key inputs and evidence to support strategic decision-making, as formalised in the Sustainability Plan.

Dialogue and communication channels

As a first step towards boosting dialogue with all stakeholders, but also to provide information on the electricity system and to develop an energy culture, Terna has put in place a number of dialogue and communication channels. These are diversified by type of audience, language and purpose (e.g. requests for information, suggestions, observations and complaints).

The primary means of contacting the Terna Group, available through the website www.terna.it (and, for internal matters, also via the intranet), is email, organised according to specific subject areas[58]. The website menu also includes a "Contacts" ,section to assist individuals wishing to engage with the Company.

As mentioned earlier, for current and potential electricity operators and suppliers, the Terna's Group has several separate portals that may be accessed from the homepage of Terna's website. They are summarised below and grouped into portals containing data and information on the electricity system and portals made available by the Group to its suppliers:

[57] As of the 2024 update, conducted in accordance with ESRS 2 IRO-1 standards.
[58] For example: azionisti.retail@terna.it; investor.relations@terna.it; sostenibilita@terna.it; ufficio.stampa@terna.it; etc.

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PORTALS PROVIDING DATA AND INFORMATION ON THE ELECTRICITY SYSTEM

GAUDI Portal

Available to producers, distributors, dispatching users, ARERA and GSE, this portal was designed to streamline information flows between the various actors in the power generation sector

T.E.R.R.A.

The integrated digital platform that has been online since June 2024 and that has been made available to national and local administrators, legislators and applicants providing access to strategic and relevant information on Territory, Grids, Renewables and Storage

Data Portal

An integrated digital platform with all operating and statistical data on the National Electricity System and market, and for the first time also those on storage systems and electricity consumers

MyTerna

A web portal dedicated to commercial representatives, enabling direct interaction with Terna, for example by allowing users to request connection to the National Transmission Grid (NTG), manage contracts, and update and maintain their company details

Terna4Green

A dashboard dedicated to the relationship between electricity production data and CO_2 emissions which makes it possible to monitor progress towards international decarbonisation goals

SUPPLIERS' PORTALS

Procurement Portal

Through which suppliers (potential or otherwise) may find information about business opportunities and the related calls for tenders and participate in online tenders

Qualification Portal

It is dedicated to all business operators who wish to complete the qualification procedure in order to be included in the list of approved suppliers

OTHER PORTALS

From the homepage of the website www.terna.it, users can access additional portals, including: ***Cantieri aperti & trasparenti***, **Terna Developer**, **Whistleblowing**, and **Light box** (the web magazine through which the Terna Group communicates the transformation process of the energy system)

The Terna Group also strengthens dialogue with its stakeholders through an integrated, multi-channel digital communication strategy that leverages social media channels, audio platforms - including podcasts - and the corporate app. In particular, the latter provides real-time access to data on the National Electricity System, monitoring of CO_2 savings and the 2025 Development Plan, making strategic information and multimedia content readily available.

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Networking

Relationships with certain stakeholders, particularly those with industry operators, are also fostered and strengthened through active participation in the activities of the main national and international organisations to which the Group belongs.

Active participation in international associations

- **ENTSO-E (European Network of Transmission System Operators for Energy):** an association of 40 transmission system operators from 36 European countries. It focuses on the security of the interconnected electricity system, the development of the electricity market and the integration of renewables. Terna is a member of the board of the association;
- **RGI (Renewables Grid Initiative):** an association bringing together leading European transmission system operators and environmental NGOs to promote the integration of renewable energy sources through the development of electricity grids. It encourages strategic and participatory planning in the construction of new electricity infrastructure;
- **CIGRE (Conseil International des Grands Réseaux Electriques):** an international non-profit association that conducts research regarding high-voltage grids. It has over 90 member countries, represented by 60 National Committees. The Terna Group serves as the Chair and Vice-Chair of the Italian Committee;
- **GO15 (Grid Operator 15):** an international association bringing together the 17 leading grid operators worldwide in order to share best practices in the management of electricity transmission grids. Terna was on the Steering Board and the Governing Board of the association;
- **Med-TSO (Mediterranean Transmission System Operators):** this association brings together the TSOs from 20 Mediterranean countries, with the aim of promoting the standardisation of development plans and the coordinated management of grids. The association also works to facilitate the creation of a legislative and regulatory framework designed to drive the development of interconnection projects and promote the exchange of electricity between electricity systems in the Mediterranean area. Terna hosts the registered office and operational headquarters of the association in Rome and appoints its Secretary General;
- **RES4Africa Foundation (Renewable Energy Solutions for Africa):** this non-profit foundation promotes the use of renewable energy and the dissemination of energy efficiency measures, as well as supporting the creation of a favourable environment for renewable energy investment in countries in the southern and eastern Mediterranean area and in sub-Saharan Africa. The association has its headquarters in Rome;
- **WEC Italia (World Energy Council - Comitato Italia):** the Italian national committee of the WEC, an international organisation that brings together operators from over 90 countries, with the aim of promoting a sustainable energy system worldwide. Terna is a member of the Managing Board.

Terna's active participation in associations and joint working groups fostered the implementation of international initiatives, which are summarised below.

Main international initiatives during the year

The main initiatives carried out by Terna in 2025 include the following:

- activities related to the development of the electricity interconnection between Italy and Tunisia, included among the projects of the Mattei Plan;
- the continuation of the development of the Terna Innovation Zone Tunisia, , also included in the Mattei Plan;
- the organisation of the Innovation Zone Forum in San Francisco (3-5 November 2025);
- the launch of the TSO Innovation Alliance, an Open Innovation collaboration initiative with seven other European transmission system operators;
- continuation of joint actions between TSOs to stimulate and guide European industry towards the challenges posed by the energy transition.

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With a view to building and better managing **relations with European institutions**, as of 1 July 2018 the Terna Group has had a Brussels office located in the European Quarter.

The aim is to establish ongoing dialogue with the European Parliament, the Commission and the Permanent Representation in order to take advantage of Terna's experience and expertise.

The main topics monitored by Terna during 2025 relate to the areas of the energy transition and competitiveness, specifically the Carbon Border Adjustment Mechanism (CBAM), the implementation of the revision of the EU regulatory framework for the electricity market, and in particular the new Clean Industry State Aid Framework (CISAF), Energy Security, Digitalization and AI in the Energy Sector, F-Gas, Public Procurement, European Grids Package, in addition to European funding programmes provided under the 2021-2027 financial framework, with particular focus on the Connecting Europe Facility (CEF), the European Climate Fund (ECF) and the forthcoming Multiannual Financial Framework (MFF).



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IRO-1
IRO-2
SBM-2
SBM-3

Double Materiality

The Double Materiality Assessment, in addition to guiding the content of the Consolidated Sustainability Statement, represents a fundamental analytical tool for the Group that informs the 2024-2028 Sustainability Plan update, as well as the activities carried out on a daily basis.

This process identifies the sustainability matters material to the organisation through a dual perspective that considers:

- material **impacts** - both positive and negative, actual and potential - that the Group (including activities carried out upstream and downstream in its value chain) may have on people and the environment in the short, medium and long term (so-called impact materiality);
- material **risks** and **opportunities** arising from sustainability matters that may affect the Group's financial performance in the short, medium and long term (so-called financial materiality).

The material Impacts, Risks and Opportunities (IROs) presented in this paragraph derive from the Double Materiality Assessment conducted in 2025, which incorporates the provisions of Legislative Decree No. 125/2024, implementing the CSRD into the Italian legal framework. Starting from the 2024 reporting period, the Terna Group has developed an analysis process aligned with the requirements of the new regulation, integrating the specific provisions set out in the ESRS reporting standards, as well as the guidance provided under EFRAG Implementation Guidance 1 Materiality Assessment (MAIG).

The Double Materiality Process

IIn line with the requirements of the applicable regulation, the 2025 Double Materiality Assessment[59] followed a process structured into the following phases:

- **Context analysis:** analysis of the internal and external context, taking into account, on the one hand, the Group's activities and business relationships and, on the other, the regulatory environment specific to the sector and the relevant legal frameworks. Based on the outcomes of the context analysis, the assessment of impacts and opportunities was resumed from the results of the 2024 evaluation (see the text below), while, for risks, the process started from the update of the risk catalogue carried out as part of the Enterprise Risk Management (ERM) process;
- **Assessment of IROs:** evaluation of the impacts and opportunities identified as material in the 2024 financial year, in line with the parameters established by the ESRS standards, through the involvement of internal and external stakeholders and alignment with the risk assessment performed within the ERM process;
- **Determination of material IROs:** processing of the results and identification of materiality thresholds.

The context analysis carried out by the Group for the 2025 financial year followed the approach indicated in the MAIG guidance[60], aimed at verifying the existence of circumstances arising from significant changes in the relevant operational or strategic context. Such circumstances include, in particular, significant events related to business activities (such as mergers, acquisitions, entry into new markets or the closure of business lines), substantial changes in the supply chain, the establishment of new business relationships, or changes in social conventions or scientific evidence.

[59] Consistent with the methodological approach set out in the Implementation Guidance "EFRAG IG 1: Materiality Assessment Implementation Guidance".
[60] With specific reference to the provisions set out in FAQ 7.

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To this end, the main **elements** considered in carrying out the analysis included:

- within the **analysis of the internal context**, the review of the most recent corporate documentation (the Half-Year Financial Report as at 30 June 2025, the 2024-2028 Industrial Plan Update and the 2025 Grid Development Plan), together with the conduct of interviews with specific corporate functions in order to validate the evidence identified and assess any need to update the material IROs;
- within the **analysis of the external context**, the review of key sustainability trends and best practices arising from requirements and guidance provided by institutions, reference organisations and rating agencies[61], as well as benchmarking activities with other European transmission system operators (TSOs) and energy sector operators to monitor trends emerging from peer reporting. In addition, a specific analysis was carried out to assess potential changes relating to social conventions, scientific evidence and user needs through the review of available documentation, including studies on the energy sector[62].

With reference to **the value chain**, building on the mapping developed for the 2024 financial year, a more detailed assessment of upstream activities was carried out through dedicated interviews with procurement functions within the Group and a qualitative and quantitative analysis aimed at confirming the main supplier categories considered material from an economic and strategic perspective.

Furthermore, no material merger or acquisition transactions were recorded during 2025, as the recent acquisitions of STE Energy S.r.l. by Altenia S.r.l. and Rete 2 S.r.l. by Terna S.p.A. did not involve the launch of a new business, entry into a new sector or a significant change in the Group's activities. Accordingly, the analyses conducted on the potential change scenarios identified by the MAIG guidance confirmed the absence of significant changes in the organisation's reference context and, based on the requirements of the standards, it was therefore considered appropriate to confirm the list of material IROs for the current reporting period. Despite the absence of significant changes in the context, the Group nevertheless carried out a more detailed review of stakeholder engagement activities, focusing on the impacts and opportunities already identified as material in 2024. This was also intended to strengthen, on the one hand, certain qualitative aspects of the process and, on the other, the appropriate information and training of the stakeholders involved.

The list of material impacts identified in 2024 was assessed through the **involvement** of representatives from the main **internal functions** responsible for the relevant thematic areas within the Group, through the completion of dedicated **surveys** and **focus groups**. At the external level, engagement involved a series of interviews with representatives of the Group's main stakeholder categories, including local communities, suppliers and sustainability experts.

The **impact assessment** process was conducted according to the specific parameters established by EFRAG and the corresponding calculation changes according to the positivity or negativity of the impact under consideration. In particular, with regard to the assessment of impact materiality, in relation to actual negative impacts, materiality was assessed according to the severity of the impact, while for potential negative impacts, in addition to severity, likelihood was also taken into account[63]. With regard to positive impacts, the assessment of materiality was carried out by considering the factors of magnitude, scope and likelihood; where the likelihood of occurrence was assessed as certain, the impact was classified as actual; otherwise, it was classified as potential.

The ratings given were attributed to an impact score on a scale of 1 to 5, and a materiality threshold was identified. The determination of the threshold was based on the distribution of the values obtained from the assessments, particularly in relation to the mean and median of the scores emerging from internal and external involvement, with a view to ensuring the highest level of transparency and inclusiveness.

[61] Examples include the "Global Risks Report 2025" of the World Economic Forum, the "Sustainability Yearbook 2025" of S&P Global, the United Nations Global Compact Principles, "CDP Insights", the Recommendations of the TCFD and the TNFD, as well as the "Topics and Sectors" section of the International Labour Organization (ILO) website.

[62] The "European Electricity Review 2025" (EMBER), the "Electricity Mid-Year Update 2025" (International Energy Agency – IEA) and the "Summer Outlook Report 2025" (European Network of Transmission System Operators for Electricity – ENTSO-E).

[63] Severity was based on the following factors: (i) scale; (ii) scope; and (iii) remediability of the impact. In the case of a potential negative human rights impact, the severity of the impact took precedence over its likelihood.

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In particular, the voting process confirmed, also for 2025, the same 34 impacts previously identified as material in the 2024 Double Materiality Assessment.

The process for monitoring impacts is ensured through the reporting tools adopted by the Terna Group and through the quarterly monitoring of KPIs and targets included in the 2024-2028 Sustainability Plan update, which in 2025 included activities aimed at strengthening the integration between objectives and IROs based on the outcomes of the 2025 Double Materiality Assessment.

With regard to risks and opportunities, the analysis considered the potential linkages with the impacts generated and the possible identification of organisational dependencies, investigating potential interconnections identified also through the review of documentary sources, including the 2024-2028 Industrial Plan Update and the sectoral guidance of the Task Force on Nature-related Financial Disclosures (TNFD).

Over time, the **risk analysis process** relating to sustainability matters has **progressively aligned** with the Group risk analysis, leveraging the established methodologies embedded within the adopted **Risk Governance model**. In line with the approach applied in 2024, the results of the Group Risk Assessment were also integrated in 2025 with the methodologies provided by the ESRS standards and EFRAG guidance, in order to ensure consistency between the Group risk analysis and the Double Materiality Assessment.

In particular, the Group risk analysis is driven by the key strategic objectives of the Industrial Plan, including sustainability objectives, and by the key factors for corporate value creation. The risk analysis and management process ensures consistency with the Double Materiality Assessment by providing for alignment and information exchange throughout the processing period of the two analyses.

Following the completion of the 2025 Group Risk Assessment, and with reference to the Double Materiality Assessment, the correlation between identified risks and ESRS topics, sub-topics and sub-sub-topics established in 2024 was updated, also including the mapping to the relevant stages of the value chain. Subsequently, for risks related to sustainability matters, the results arising from the update of the 2025 Risk Assessment were aligned with the parameters set out in the ESRS standards[64]. This analysis resulted in the identification of 13 material risks, including the recognition of one new material risk and the removal of one risk from the list of material risks.

Consistent with the approach used for the assessment of impacts, the analysis of **opportunities** also started from the list of opportunities previously identified as material in 2024. In 2025, the process involved expanding the number of corporate functions engaged,

[64] The methodology applied in the context of ERM analysis assesses risks according to the three variables of: Likelihood, Impact, Maturity of Risk Management Systems. For the purpose of processing the results within the Double Materiality framework, it was determined to consider only the Probability and Impact variables and, using a scale from 1 to 5, the same threshold applied for impact materiality was adopted.

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selected on the basis of their expertise, adopting a more granular approach. This additional analysis provided a comprehensive view of the Group's main business perspectives and also led to the identification of new opportunities.

The outcome of the 2025 opportunity assessment confirmed the opportunities previously identified as material in 2024, subject to certain changes, including the introduction of two new material opportunities proposed by corporate functions and the removal of one opportunity, previously identified as material in 2024, from the list of material opportunities for 2025. Overall, the update resulted in the identification of 15 material opportunities.

It should be noted that the process for identifying, assessing and managing ESG opportunities is integrated into the Group's multi-year planning process through the Sustainability Plan. Starting from 2024-2028, the Terna Group has in fact integrated sustainability objectives into its Industrial Plan.

The Double Materiality process is entrusted to the **Sustainability function**, which is responsible for the regular update of the assessment. In particular, in order to ensure the robustness of the process, the verification of the correct application of the EFRAG guidance and the requirements set out in ESRS 2 was subject to discussion with a working group composed of leading European transmission system operators (TSOs) and was also subject to an additional external review by specialists to ensure its correct interpretation.

The final results of the update are shared with the **Strategy, Digital and Sustainability Department** and, as required by corporate practice, the main evidence also demonstrating the outcomes of the stakeholder engagement activities is reported to the **Sustainability, Governance and Scenarios Committee of the Board of Directors**. It should also be noted that, on 26 February 2026, the outcomes of the 2025 Double Materiality Assessment were formally reported to the Board of Directors by the Chair of the Committee. During the course of the 2025 assessment, activities included progressive updates, up until the final outcomes of the process were shared upon the completion of the assessment. The sharing of the activity outcomes, in addition to providing a summary of the material topics, the stages of the value chain associated with them and the material impacts, risks and opportunities, included a description of each stage of the process and the related stakeholder involvement in the assessment, as a fundamental methodological step.

In line with the guidance set out in the applicable standards, the Double Materiality process was reviewed in 2025 and, as previously described, no significant elements of discontinuity compared with the previous reporting period were identified. The process is subject to periodic reviews on an annual basis.

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The table below shows the impacts, risks and opportunities that emerged as material from the Double Materiality Assessment 2025[65].

Impacts, risks and opportunities of the Terna Group

Climate change

	IMPACT MATERIALITY					FINANCIAL MATERIALITY			
SUB-TOPIC	Description of the impact	Type of impact	Actual/ Potential	Time horizon	Source of impact	Risks	Source of risk	Opportunity	Source of opportunity
CLIMATE CHANGE ADAPTATION	Lack of service continuity as a result of ordinary weather events	Negative	Actual	Short-term	Own operation	Increased severity of weather phenomena resulting in business/ service disruptions/ damage to assets	Own operation	Increase in regulated revenues driven by higher investment to improve asset physical resilience	Own operation
CLIMATE CHANGE MITIGATION	Reducing the country's greenhouse gas emissions also through the increased integration of Renewable Energy Source (RES) based power plants	Positive	Potential	Short-term	Upstream Own operation Downstream	Delays in the realisation of works, particularly large ones	Own operation	Increase in the transmission of electricity from renewable sources, with potential access to interzonal incentive mechanisms associated with increased transmission capacity between zones.	Own operation
						Deterioration in service quality due to inadequate production mix	Own operation	Increased investment to upgrade the grid in support of the energy transition, driving expected growth in tariff revenues.	Own operation

(follows)

Positive | Negative | Actual | Potential | Short-term | Medium-term | Long-term | Upstream | Own operation | Downstream

[65] The Terna Group publicly discloses information on IROs considered material, in accordance with the reporting requirements related to the sustainability matters to which such IROs are linked, following the classification of topics, sub-topics and sub-sub-topics defined by ESRS 1 AR 16. With regard to the material IROs relating to Entity-specific topics of the organisation, the Group provides details of policies, actions, targets and metrics, where available. In general, information on IROs that exceeded the materiality thresholds established in the Double Materiality Assessment is disclosed, without applying further selective criteria to determine the data to be disclosed. With regard to the impacts, risks and opportunities emerging as material from the analysis carried out, that are subject to the disclosure requirements of the ESRS, please refer to the table 'Impacts, risks and opportunities of the Terna Group' below.

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Climate change

	IMPACT MATERIALITY					FINANCIAL MATERIALITY			
SUB-TOPIC	Description of the impact	Type of impact	Actual/ Potential	Time horizon	Source of impact	Risks	Source of risk	Opportunity	Source of opportunity
CLIMATE CHANGE MITIGATION	CO_2 emissions caused by the Group's activities (e.g. leakage of SF6 gas into the atmosphere due to sealing defects, during breakdowns or pressure restoration operations; increased grid losses)	⊖	◯	◔	⇥ ■ ⇥	-	-	Increased attractiveness in financial markets due to the carbon footprint reduction strategy	■
ENERGY	Group energy consumption	⊖	◯	◔	■	-			

Biodiversity and ecosystems

	IMPACT MATERIALITY					FINANCIAL MATERIALITY			
SUB-TOPIC	Description of the impact	Type of impact	Actual/ Potential	Time horizon	Source of impact	Risks	Source of risk	Opportunity	Source of opportunity
IMPACTS ON THE EXTENT AND CONDITION OF ECOSYSTEMS IMPACTS AND DEPENDENCIES RELATING TO ECOSYSTEM SERVICES	Increase in biodiversity through initiatives aimed at habitat creation and through the use of technology for biodiversity monitoring (e.g. Ecological Incremental Index; Tiny Forests; screening techniques)	⊕	◌	◔	■	-	-	Increased attractiveness in financial markets due to the biodiversity protection strategy	■
	Alteration of biodiversity	⊖	◌	◔	■				

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Resource use and circular economy

	IMPACT MATERIALITY					FINANCIAL MATERIALITY			
SUB-TOPIC	Description of the impact	Type of impact	Actual/ Potential	Time horizon	Source of impact	Risks	Source of risk	Opportunity	Source of opportunity
WASTE	Increase in waste generation linked to the expansion of business activities	⊖	◌	◔	⇥	-		-	
RESOURCE INFLOWS, INCLUDING RESOURCE USE	Increase in volumes of resources generated, linked to the expansion of business activities	⊖	◌	◑	⇤ ■ ⇥	-		-	

Own workforce

	IMPACT MATERIALITY					FINANCIAL MATERIALITY			
SUB-TOPIC	Description of the impact	Type of impact	Actual/ Potential	Time horizon	Source of impact	Risks	Source of risk	Opportunity	Source of opportunity
WORKING CONDITIONS	Employment security guaranteed by industry collective bargaining agreements for Group employees (e.g. percentage of permanent contracts for Group employees)	⊕	◯	◔	■	-		-	
	Improvement of employees' working conditions through the stipulation of company agreements guaranteeing adequate working hours and wages	⊕	◯	◔	■	-		-	
	Contribution to improving employees' mental and physical health through dedicated company initiatives (e.g. HSE screening)	⊕	◌	◔	■	Injuries / accidents to the detriment of employees, contractors and subcontractors	■	-	
	Accident events among Group employees	⊖	◌	◔	■				

(follows)

⊕ Positive ⊖ Negative ◯ Actual ◌ Potential ◔ Short-term ◑ Medium-term ◕ Long-term ⇤ Upstream ■ Own operation ⇥ Downstream

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Own workforce

	IMPACT MATERIALITY					FINANCIAL MATERIALITY			
SUB-TOPIC	Description of the impact	Type of impact	Actual/ Potential	Time horizon	Source of impact	Risks	Source of risk	Opportunity	Source of opportunity
WORKING CONDITIONS	Widespread employee confidence in employee consultation and participation mechanisms	⊕	◌	⏱	■	-		-	
	Contribution to the improvement of employees' working conditions through the adoption of measures exceeding regulatory requirements, implemented through a National Collective Bargaining Agreement (CCNL)	⊕	○	⏱	■	-		-	
	Increased HR welfare through the implementation of social dialogue systems, corporate welfare and the development of work-life balance policies	⊕	◌	⏱	■	-		-	
EQUAL TREATMENT AND OPPORTUNITIES FOR ALL	Reduction of the gender pay gap ensured by a meritocratic assessment system	⊕	◌	⏱	■	-		Increased attractiveness in financial markets due to the gender pay gap reduction strategy	■
	Increased personnel skill development through initiatives aimed at improving internal and external employability, including through a periodic performance review system	⊕	◌	⏱	■	-		-	
	Promotion of employee inclusion and health and safety (e.g. measures to combat violence and harassment in the workplace; personnel awareness-raising measures)	⊕	○	⏱	■	-		Increased attractiveness in financial markets thanks to the inclusion and diversity promotion strategy	■
OTHER WORK-RELATED RIGHTS	Misuse of employees' personal data	⊖	◌	⏱	■	-		-	

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Workers in the value chain

	IMPACT MATERIALITY					FINANCIAL MATERIALITY			
SUB-TOPIC	Description of the impact	Type of impact	Actual/ Potential	Time horizon	Source of impact	Risks	Source of risk	Opportunity	Source of opportunity
WORKING CONDITIONS	Infringements and violations within the value chain, e.g. due to reports of critical issues concerning workers' working conditions (employment stability, working hours, etc.)	⊖	◌	◔	⇥ ⇤	-		-	
	Occupational injury incidents among contractor employees, linked, in part, to low levels of health and safety awareness	⊖	◌	◔	⇥ ■ ⇤	Injuries / accidents to the detriment of employees, contractors and subcontractors	⇥ ■ ⇤	-	
EQUAL TREATMENT AND OPPORTUNITIES FOR ALL	Improvement of the working conditions of contractor employees, including through compliance with the principles of Terna's Code of Ethics, as established in contractual agreements	⊕	◌	◔	⇥ ⇤	-		-	

⊕ Positive ⊖ Negative | ◯ Actual ◌ Potential | ◔ Short-term ◔ Medium-term ◔ Long-term | ⇥ Upstream ■ Own operation ⇤ Downstream

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Local communities

	IMPACT MATERIALITY					FINANCIAL MATERIALITY			
SUB-TOPIC	Description of the impact	Type of impact	Actual/ Potential	Time horizon	Source of impact	Risks	Source of risk	Opportunity	Source of opportunity
ECONOMIC, SOCIAL AND CULTURAL RIGHTS OF COMMUNITIES	Disruptions related to traffic and accessibility (e.g. creation of access routes for the installation of pylons, soil excavation and removal of residual materials), noise pollution and landscape impacts (e.g. visual impact and effects on architectural, artistic and cultural heritage) arising from construction activities	⊖	◌	◔	■	-		-	
	Disruptions related to land easements and landscape impacts (e.g. visual impact and effects on architectural, artistic and cultural heritage) arising from completed infrastructure works	⊖	◌	◔	■				

Customers

	IMPACT MATERIALITY					FINANCIAL MATERIALITY			
SUB-TOPIC	Description of the impact	Type of impact	Actual/ Potential	Time horizon	Source of impact	Risks	Source of risk	Opportunity	Source of opportunity
IMPACTS RELATED TO INFORMATION PROVIDED TO CONSUMERS AND/OR END-USERS	Misuse of customers' personal data	⊖	◌	◔	■	-		-	
	Customer satisfaction through access to quality information	⊕	◌	◔	■	-		Increased attractiveness in market through transparency and accessibility of information regarding the Group's activities	■

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Business conduct and supplier relationship management

	IMPACT MATERIALITY					FINANCIAL MATERIALITY			
SUB-TOPIC	Description of the impact	Type of impact	Actual/ Potential	Time horizon	Source of impact	Risks	Source of risk	Opportunity	Source of opportunity
CORPORATE CULTURE	Raising awareness of the rules of conduct aimed at observing the Group's principles of ethics, integrity and legality	⊕	◯	◔	⇥ ■ ⇥	Penalties and/ or application of Restrictive Measures imposed by UN, EU, US, UK entities	⇥	-	
WHISTLEBLOWER PROTECTION	Strengthening protection measures through the provision of secure reporting channels	⊕	◌	◑	⇥ ■ ⇥	-		-	
ACTIVE AND PASSIVE CORRUPTION	Economic and financial consequences for stakeholders related to convictions that affect the management of the company	⊖	◌	◑	⇥ ■ ⇥	-		-	
SUPPLIER RELATIONSHIP MANAGEMENT, INCLUDING PAYMENT PRACTICES	Improved economic stability of suppliers thanks to timely payments by the Terna Group	⊕	◌	◑	⇥ ⇥	Delays/extra costs on supplies from key suppliers as a result of the global supply chain crisis, increased market demand and/ or in the event of a change in supplier strategy	⇥	Improvement of the Group's reputation through a sustainable supply chain	■
						Lock-in of core supplies	⇥	Cost reduction through continuous monitoring practices of suppliers' ESG performance to avoid critical issues over time in the face of increasingly stringent regulations	■

⊕ Positive ⊖ Negative ◯ Actual ◌ Potential ◔ Short-term ◑ Medium-term ● Long-term ⇥ Upstream ■ Own operation ⇥ Downstream

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Entity specific: Quality, security and continuity of the electricity service

	IMPACT MATERIALITY					FINANCIAL MATERIALITY			
SUB-TOPIC	Description of the impact	Type of impact	Actual/ Potential	Time horizon	Source of impact	Risks	Source of risk	Opportunity	Source of opportunity
-	Ensuring service quality through continuous infrastructure maintenance and grid adequacy	⊕	◯	◔	■	Material incident on the European transmission network and subsequent grid separation/ power outages	■	Increase in Terna's remuneration through improved service continuity performance	■



Entity specific: Innovation and digitalisation

	IMPACT MATERIALITY					FINANCIAL MATERIALITY			
SUB-TOPIC	Description of the impact	Type of impact	Actual/ Potential	Time horizon	Source of impact	Risks	Source of risk	Opportunity	Source of opportunity
-	Promotion of 'Open Innovation' through structured collaborations with start-ups, research institutions and universities to develop innovative technologies to support sustainable transition	⊕	◌	◔	■	-		Reduction in operating costs through the development of innovative and digital technologies - also through structured collaborations with start-ups ("Open Innovation") - aimed at monitoring weather events and consequently enhancing the resilience of the National Transmission Grid (NTG)	■
	Continuous improvement of efficiency and quality of service through innovative technologies aimed at automation and digitalisation of processes	⊕	◌	◔	■	-		Expansion of business through patentability of innovative technology solutions	■
								Improved operational effectiveness through the use of Artificial Intelligence and predictive solutions to enhance grid resilience and optimise the maintenance management of distributed and substation assets	■

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Entity specific: Cybersecurity

	IMPACT MATERIALITY					FINANCIAL MATERIALITY			
SUB-TOPIC	Description of the impact	Type of impact	Actual/ Potential	Time horizon	Source of impact	Risks	Source of risk	Opportunity	Source of opportunity
-	Increased security of the Group's business processes (e.g. electricity system resilience) through effective defence measures against digital attacks	⊕	◯	⏱	⇥ ■ ⇤	Computer fraud (e.g. Social Engineering) Compliance with NIS Directive 2 (Network and Information Security) Cyber Attack Compromise of data encrypted with standard algorithms following Q-Day	■ ■ ■ ■	-	

It should be noted that, with reference to the IROs relating to the sub-topic "Climate change adaptation" and the Entity-Specific topic "Quality, safety and continuity of the electricity service", given their strong interconnection, the disclosure of the related Policies, Actions, Targets and Metrics followed an integrated approach, including appropriate cross-references within the respective sub-sections.

⊕ Positive ⊖ Negative ◯ Actual ◌ Potential ⏱ Short-term ⏱ Medium-term ⏱ Long-term ⇥ Upstream ■ Own operation ⇤ Downstream

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In pursuing the realisation of the **energy transition**, favouring the transition to a **zero-carbon economy**, the Group's activities generate systemic benefits that can positively influence the environment and the community as a whole.

The Group's widespread presence throughout the country not only has a direct impact on its own workforce, value chain workers and customers, both through its operations and through its business relationships[66], but also extends to the local communities affected by operations related to the construction and maintenance of assets and to the natural capital they host.

The complexity of the operating environment, fuelled by the need to **balance business objectives** with the **impacts** of its activities on society and the environment, requires great responsibility that the Group has committed itself to addressing through a **Just Transition** approach. The ambition is to achieve an energy transition that is also fair and inclusive, taking into account the possible social effect and impact.

With this in mind, starting from the 2024- 2028 Industrial Plan Update, the Terna Group has chosen to **integrate** a **Sustainability Plan** within the **Industrial Plan**, aimed at managing material impacts, risks and opportunities and guiding the corporate strategy towards **value creation over time**.

In order to ensure business management that aims to achieve **sustainable success** and **value creation over time**, the Group adopts an approach that starts with considering possible impacts on relevant stakeholder categories and the environment, which it mitigates and manages through sustainability planning integrated in the corporate strategy, aimed at minimising environmental impacts, involving local stakeholders and, more generally, respecting the principles of integrity, responsibility and transparency.

In this context, the **Double Materiality Assessment**, through regular monitoring of material impacts, risks and opportunities, represents the **compass** of the Group's **Sustainability Plan**, guiding, in this sense, the adaptation of the corporate strategy. This approach makes it possible to identify and manage any critical issues in a timely manner and to increase the **resilience of the business** model in relation to any negative effects relating to sustainability matters. For the purposes of continuous improvement, the 2024-2028 Sustainability Plan update envisages a set of actions aimed at ensuring full consideration of the results of the Double Materiality also with a view to implementing the provisions of the Corporate Sustainability Due Diligence Directive. Through such a roadmap, it will be possible to lay the necessary foundations to further strengthen a structured and timely resilience analysis consisting of all material IROs.

Finally, in light of the materiality of the topic, specifically in relation to climate change impacts and risks, the Group has developed an appropriate resilience analysis methodology with a science-based approach, in order to verify the resilience of its assets to climate change.

No current financial effects arising from material risks and opportunities have been identified that would require recognition within the data of the 2025 Consolidated Financial Statements.

[66] For more details on the nature of the Group's business activities and relationships, please refer to that which is reported in response to ESRS 2, SBM-1 para. 42 c.

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MDR-P

Terna Group's policies for the management of impacts, risks and opportunities

In order to identify, assess, manage and/or mitigate its material sustainability-related impacts, risks and opportunities, the Terna Group has established a structured system of policies integrated into its internal regulatory framework, summarised below with an indication of the relevant ESRS topics addressed. These policies are subject to periodic monitoring by the competent functions, in accordance with the Group's internal procedures for document review and taking into account developments in the relevant operating context.

In particular, the table below presents cross-cutting policies applicable to multiple thematic areas, providing for each a concise description of key elements, scope of application, responsible implementation function, any applicable reference standards and dissemination methods. Additional details are provided in the sections dedicated to each topic.

POLICY NAME	KEY ELEMENTS DESCRIPTION	SCOPE	POLICY OWNER	INTERNATIONALLY RECOGNISED REFERENCE STANDARDS	ESRS TOPICS COVERED BY THE POLICY
Integrated Management System Policy	The Integrated Management System Policy defines the approach adopted for setting the Group's strategic objectives in compliance with the requirements of the relevant ISO standards, with the primary aim of promoting awareness, understanding and application of the fundamental elements of the Integrated Management System, thereby fostering a culture of continuous improvement.	It applies to all companies directly controlled by the Parent Company e and constitutes a set of guiding principles for all other companies within the Group	It applies to all companies directly controlled by the Parent Company e and constitutes a set of guiding principles for all other companies within the Group	ISO 9001 ISO 14001 ISO 45001 ISO 37001 ISO 37301 ISO 50001 ISO 55001 ISO 27001 UNI/PdR 125	E1 E4 E5 Quality, safety and continuity of the electricity service (ES) S1 S4 G1 Cybersecurity (ES)
Code of Ethics	Terna's Code of ethics identifies and defines the values, principles and standards promoted by Group, which represent an essential prerequisite for the correct implementation of the strategic choices and of all the Company's activities, with the aim of preserving its value and integrity over time. Furthermore, the Code identifies all Terna stakeholders by setting out the ethical principles addressing their specific needs.	Terna Group	Terna Group	United Nations Global Compact – Ten Principles	S1 S2 G1
Sustainability policy	The Sustainability Policy formally defines the commitments and actions relating to ESG (Environmental, Social and Governance) matters considered material to the Group and its stakeholders, structured around six key areas: energy transition; integrity, accountability and transparency; promotion of stakeholder engagement; people development; inclusion, diversity and human rights protection; and protection of the environment and ecosystems.	Terna Group	Terna Group	United Nations Global Compact – Ten Principles COP21; European Green Deal; GRI Sustainability Reporting Standards; Provisions relating to the TCFD, NECP, SBTi and GHG Protocol frameworks, as well as the ICMA Principles	E1 E4 S1 S2 S3 G1
Guideline "Respect for Human Rights within the Terna Group"	The Guideline sets out the Terna Group's commitment to upholding the highest ethical standards in the field of human rights. The document outlines the main thematic areas, taking into account the business context and geographical location of operations, and defines the Group's key commitments relating to its own activities and its relationships with suppliers and business partners.	Terna Group	Terna Group	Universal Declaration of Human Rights (United Nations); Declaration on Fundamental Principles and Rights at Work issued by the International Labour Organization (ILO); Ten Principles of the United Nations Global Compact; United Nations Guiding Principles on Business and Human Rights; OECD Guidelines for Multinational Enterprises	S1 S2 S3 S4

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The policies relating to a specific thematic area are set out below; further details are provided within the relevant ESRS Topics:

E4 – Protecting biodiversity

- Commitment to biodiversity;
- Strategic Environmental Assessment of the national transmission grid Development Plan;
- Operating Instruction: Preparation of a feasibility study;
- Operating Instruction: Preparation of a project for authorisation
- Operating Instruction: Management of authorisation requirements for the construction of electricity infrastructure;
- Operational management of construction sites;
- Unified project "Marine survey and environmental characterisation (Ministerial Decree 24/01/1996)".

E5 – Circular economy

- Circular Economy Strategy;
- Operating Instruction: Waste management within Terna Group companies.

S1 – Own workforce

- Human Resources Management Policy;
- Policy Diversity, Equity & Inclusion (DE&I);
- Privacy Model.

S2 – Workers in the value chain

- Terna's Supplier Code of Conduct.

S3 – Local Communities

- The involvement of local stakeholders in the Terna Group's electricity grid investment activities.

G1 – Business Conduct

- 231 Model;
- Global Compliance Program;
- Trade Compliance Guidelines;
- Whistleblowing Guidelines.

Cyber Security (ES)

- Guidelines "Information Security Policy - Strategic Guidelines".



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GOV-1
GOV-2

Corporate Governance and sustainable success

In line with the principles of the Corporate Governance Code, which assigns the Board of Directors, among others, the task of promoting in the most appropriate manner, dialogue with shareholders and other stakeholders relevant to the Company, Terna adopts all the best tools to create, maintain and consolidate a relationship of mutual trust with its stakeholders, which is instrumental in creating value for the Company, society and the environment.

The corporate governance system is oriented towards creating value for shareholders and other relevant stakeholders, recognising the social significance of the Group's activities. Furthermore, it is broadly aligned with the principles contained in the Corporate Governance Code for listed companies, which Terna adhered to on 27 January 2021, with the related recommendations published by the CONSOB and, more generally, with the international best practices used by the Company as benchmarks.

Corporate governance system

The Annual General Meeting of shareholders held on 9 May 2023 elected Terna S.p.A.'s current Board of Directors, to consist of 13 members, whose term of office will end with approval of the financial statements for the year ended 31 December 2025.

On 9 May 2023, the Board of Directors nominated the Chief Executive Officer, and assigned them the relevant powers, defining the content, limitations and the manner in which they may be exercised. The Board of Directors' activities are coordinated by the Chair, with support provided by the Secretary.

Until 23 October 2024, the Board of Directors had the following Board Committees, all of which conducted reviews, made recommendations and provided advice, in order to ensure effective performance of the Board's functions:

- Remuneration Committee;
- Audit, Risk and Sustainability Committee;
- Nominations, Governance and Scenarios Committee;
- Related-Party Transactions Committee.

With effect from 23 October 2024, in order to strengthen oversight of sustainability matters and ensure their integration with governance issues and the long-term strategy, the Board of Directors resolved to redefine the composition of the Committees as follows:

- Sustainability, Governance and Scenarios Committee;
- Audit and Risk Committee;
- Remuneration and Nominations Committee;
- Related-Party Transactions Committee.

It should be noted that the composition of the Governance Bodies as at 31 December 2025 corresponds to that in force as of the date of approval of the 2025 Annual Report, as presented in the paragraph "Corporate bodies", to which reference should be made.

In accordance with the special legislation on listed companies, Terna's Articles of Association introduced a specific provision aimed at facilitating the collection of voting proxies from shareholders who are employees of the Company itself and its subsidiaries, thus favouring their involvement in the Annual General Meeting decision-making process (article no. 11.1 of the Articles of Association).

As of the date of the Annual General Meeting of 9 May 2023, the Company had not been notified of the formation of any employee shareholders' association. Accordingly, with reference to the Terna S.p.A. board of directors, there is currently no employee or worker representation on the board.

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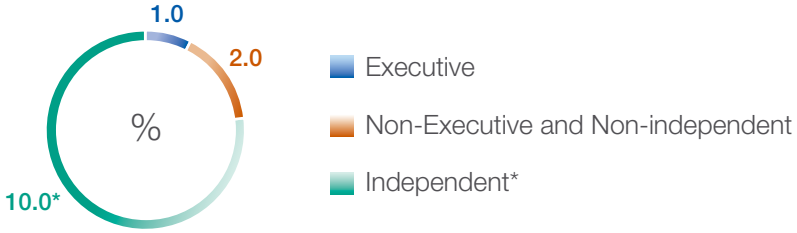
Composition of the Board of Directors as at 31 December 2025

	UNIT	
Men	%	53.85
Women	%	46.15
Under 30 years of age	%	-
Between 30 and 50 years of age	%	23.08
Over 50 years of age	%	76.92

Presence of independent directors



Breakdown of Board of Directors composition (number of members and qualifications)



** Independent pursuant to both the TUF and the Corporate Governance Code.*

Aspects worthy of note include:

- the high level of attendance of Directors at Board meetings and Board Committee meetings;
- the presence of sustainability goals in the remuneration packages of the Chief Executive Officer and senior management;
- the particular attention devoted to ESG matters during meetings of both the Audit and Risk Committee and the Sustainability, Governance and Scenarios Committee, as well as through dedicated induction sessions for the entire Board of Directors during the current term of office. The focus on the topic of sustainability is also evident from the different structure of the Committees following the decision of the Board of Directors of Terna S.p.A. on 23 October 2024, which resolved to give more space to ESG objectives, expanding the remit of the Governance and Scenarios Committee, renaming it the "Sustainability, Governance and Scenarios Committee" and assigning it, precisely, the tasks regarding Sustainability.

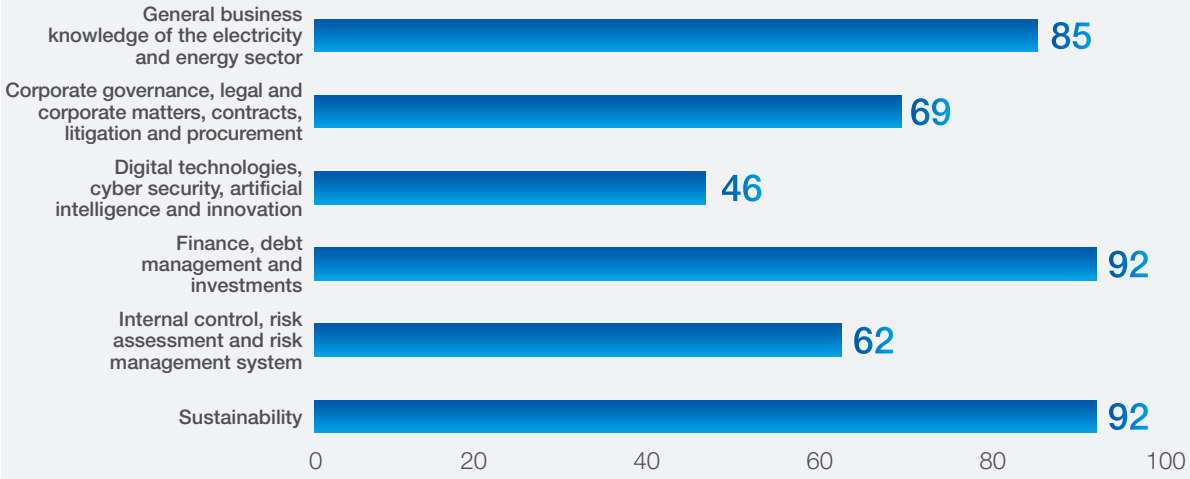
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G1 | GOV-1

SKILLS AND EXPERIENCE OF THE MEMBERS OF THE BOARD OF DIRECTORS

Terna's directors have adequate skill and professionalism (article no. 2. Principle 5, Corporate Governance Code). Specifically, alongside legal and financial professionals, there are profiles with expertise in engineering, energy and risk management. The international scope is ensured not only by the presence of members of foreign nationality, but also by members who have gained solid experience in international contexts. In addition, beyond the Chief Executive Officer, certain professionals working in the sector also possess IT skills. Approximately 92% of the Directors possess competencies in the field of sustainability, including, among others, matters relating to the undertaking's material impacts, risks and opportunities. Furthermore, the continuous development of the Board's competencies is also ensured through the engagement of external experts and dedicated induction activities.

KNOWLEDGE AND SKILLS OF THE BOARD OF DIRECTORS AS DECLARED BY DIRECTORS (%)



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G1 | GOV-1

CHARACTERISTICS OF THE FUNCTIONING OF THE BOARD OF DIRECTORS

In compliance with statutory requirements and the Articles of Association, Terna's Board of Directors plays a central role in overseeing the company's ethical conduct and in ensuring that the Group's activities are carried out in compliance with legality, transparency and integrity. In line with the principles of the Corporate Governance Code and in compliance with the relevant best practices, the Board acts in order to direct corporate management towards sustainable success goals, integrating financial, social and environmental aspects in the definition of strategies and operational choices.

Under its prerogatives, the Board examines and approves the Industrial Plan of Terna and the Group companies, also taking into account the material topics in the creation of long-term value creation, the evolution of the regulatory framework and stakeholders' expectations. In addition, the Board defines business objectives and process monitoring and risk analysis, in order to ensure a balance between sustainability, profitability and risk management. Its key responsibilities include the approval of the Group's Code of Ethics and the main corporate policies that define and regulate the principles of business conduct at all levels of the organisation. These tools form the reference for guaranteeing types of behaviour that are consistent with the values of integrity, legality and social responsibility, and guide the daily actions of all Group employees and stakeholders.

The Board also approves the Organisational, management and control model pursuant to Legislative decree no. 231/2001 and its subsequent updates, ensuring its consistency with the regulatory and organisational evolution of the Company, as well as its effectiveness in preventing predicate crimes. The 231 Model is one of the fundamental tools for the dissemination of a corporate culture based on legality, risk prevention and greater responsibility. The Board periodically receives information on the effective implementation of the 231 Model based on the information flows from the Supervisory Board.

In order to support its responsibilities, the Board constantly receives information from the Chief Executive Officer on management trends and material transactions, including the parties involved, the characteristics of the transactions and any associated risks. The Board defines the guidelines of the Internal Control and Risk Management System and annually assesses its appropriateness and effectiveness, also considering the Group's risk profile. This activity is carried out with the support of the Chief Executive Officer, the Audit and Risk Committee and the Board of Statutory Auditors, which supervises compliance with the law, the Articles of Association and the principles of correct corporate governance. The Board also oversees the appropriateness of the organisational, administrative and accounting structure of the Company and the Group, and the operation of the internal control system.

Finally, in order to safeguard the fair and transparent management of information, the Board has adopted a specific procedure to manage and communicate corporate information, focusing, in particular attention, on inside information. This system contributes to strengthening stakeholder trust and ensuring corporate behaviour that is consistent with ethical principles and regulatory compliance.

BOARD COMMITTEES

Audit and Risk Committee

The Audit and Risk Committee is assigned the responsibilities provided for under the Corporate Governance Code. It provides recommendations and advice to support the Board in assessments and decisions relating to the internal control and risk management system. In this regard, it is specified that the Committee is in charge of monitoring corporate risks, which include ESG risks. It periodically verifies its appropriateness with respect to the characteristics of the company and the risk profile assumed, as well as its effectiveness. It assesses, together with the Manager responsible for preparing the company's financial reports, after consulting the statutory auditor and the Board of Statutory Auditors, the correct use of accounting policies and their uniformity for the purposes of preparing the Consolidated financial statements. It also assesses the suitability and examines the content of periodic financial and non-financial information, material to the Internal Control and Risk Management System (ICRMS), to correctly represent the business model and strategies of the Company and the Group. It reviews the process through which the content of the Sustainability Reporting submitted annually to the Board of Directors is defined. It reports to the Board of Directors, at least on the occasion of the approval of the Annual Report and the Half-Year Financial Report, on its activities and the adequacy of the ICRMS.

During 2025, the Committee met 10 times (including one joint meeting with the Sustainability, Governance and Scenarios Committee), on 4 occasions addressing, among other matters, the following sustainability-related topics: information on the CSRD; Sustainability Reporting and CSRD; update on the implementation of the Internal Control and Risk Management System (ICSR) model and CSRD Reporting.

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Sustainability, Governance and Scenarios Committee

The Sustainability, Governance and Scenarios Committee holds, among other responsibilities, competencies in sustainability matters, particularly with regard to:

- examining and assessing sustainability policies with the objective of ensuring the creation of long-term value for the benefit of shareholders, taking into account the interests of Terna's other relevant stakeholders, also for the purpose of examining and approving the Company's and the Group's Industrial Plan;
- the definition of the sustainability guidelines and plans and the materiality matrix that identifies the most material topics for the Group and its stakeholders in the light of the strategies of the Company and the Group itself;
- the regular monitoring of how the sustainability plans are being implemented and the achievement of their objectives, as well as the inclusion of the Company in sustainability indices.

The Committee is also entrusted with responsibilities relating to the Corporate Governance system; in fact, it monitors the evolution of legislation and national and international best practices on the subject, as well as the alignment of the corporate governance of the Company and the Group with these.

Finally, the Committee also gathers information, analyses and insights on relevant scenarios that are useful for a better understanding of global trends that may have an impact on corporate strategies.

During 2025, the Committee met 13 times, on 8 occasions addressing, among other matters, the following sustainability-related topics:

- updates on the implementation of the CSRD and the development of the Sustainability Plan;
- discussion of the plan KPIs to be monitored, as included in the Sustainability Dashboard;
- the materiality matrix and the outcomes of the Double Materiality process;
- sustainability reporting discussed during a joint meeting with the Audit and Risk Committee;
- quarterly updates on the Sustainability Plan and the dashboard;
- updates on institutional investors' requests regarding sustainability matters.

With reference to the submission of the 2025 Double Materiality process to this Committee, see the paragraph "Double Materiality".

Remuneration and Nominations Committee

The Remuneration and Nominations Committee carries out the duties established by the Corporate Governance Code. It makes recommendations and provides advice to the board of directors, including:

- assessing and deciding on the size and composition of the Board itself, as well as any co-optations;
- supporting the Board of Directors in the development of the remuneration policy for Directors, members of the Board of Statutory Auditors and executives with strategic responsibilities, as well as in the preparation of the Report on the remuneration policy and remuneration paid, as required under article no. 123-ter of the Consolidated Law on Finance;
- submit proposals or express opinions on the remuneration of Executive Directors and other Directors holding special offices, as well as on the setting of performance targets related to the variable component of said remuneration that include indicators related to ESG factors;
- develop, submit to the Board of Directors and monitor the application of incentive systems (including shareholding plans) aimed at Terna's Executive Directors and/or managers with strategic responsibilities and/or other Company and/or Group managers.

Related-Party Transactions Committee

The Related Party Transactions Committee is assigned investigative and advisory duties and powers in the assessment and decision-making processes relating to Related Party Transactions, whether of greater or lesser significance, as defined in Terna's "Procedure for Related Party Transactions". The Committee is also responsible for providing preparatory and advisory input on any proposed revisions to the aforementioned Procedure. Finally, the Committee receives periodic flows on Related-Party Transactions excluded from the application of the Procedure (even if of lesser materiality) to verify its correct application.

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BOARD OF STATUTORY AUDITORS

The current Board of Statutory Auditors, appointed by the Annual General Meeting of 9 May 2023, has a term of office that expires upon the approval of the financial statements for the financial year 2025.

Pursuant to the resolutions passed by the Annual General Meeting on the basis of the two lists submitted, the Board of Statutory Auditors was composed as follows: Mario Matteo Busso (Chair of the Board of Statutory Auditors elected from the minority list submitted by a group of shareholders consisting of asset management companies and other institutional investors as listed in the Company's press release on the publication of the Lists of 14 April 2023), Lorenzo Pozza and Antonella Tomei (Standing Auditors elected from the majority list submitted by CDP Reti S.p.A.).

The following were also elected Alternate Auditors: Barbara Zanardi (indicated by the minority list submitted by a group of shareholders consisting of asset management companies and other institutional investors as listed in the Company's press release on the publication of the Lists of 14 April 2023), Antonello Lillo and Lucrezia Iuliano (indicated by the majority list submitted by CDP Reti S.p.A.).

The elected Auditors represent both lists submitted for the Annual General Meeting. Further information on the candidate lists submitted and the result of the voting can be found on the Company's website https://www.terna.it/en under Governance - General Meeting of shareholders. Following the declarations made for the nomination, the counting operations and the conclusion of the voting operations, one standing member was elected by the minority shareholders not connected, not even indirectly, with the shareholders who submitted or voted for the list that came first in terms of number of votes. Since its appointment on 9 May 2023, the composition of the Board of Statutory Auditors has remained unchanged.

The Board of Statutory Auditors performs the typical supervisory activities that are prescribed by national law for the Board of Statutory Auditors. In particular, this body is responsible, among other duties, for supervicing compliance with the principles of sound administration in the conduct of corporate activities, the adequacy of the organisational structure, the Internal Control and Risk Management System (ICRMS), and the financial reporting and statutory audit process. Furthermore, starting from the 2024 financial year, the Board of Statutory Auditors has also ensured compliance with the provisions relating to the Consolidated Sustainability Statement, following the relevant regulatory updates that expanded its roles and responsibilities, in line with the Terna Group's internal policy. In particular, it is periodically informed of information flows relating to sustainability reporting and participates in meetings of the Audit and Risk Committee, including discussions on the management approaches adopted by the Terna Group to prevent, mitigate and remedy impacts, address risks and/or pursue material opportunities. At least one member of the Board of Statutory Auditors also attends meetings of the Sustainability, Governance and Scenarios Committee. The composition of the Board of Statutory Auditors, with reference to the standing auditors only, is presented below.

COMPOSITION OF THE BOARD OF STATUTORY AUDITORS AT 31 DECEMBER 2025

	UNIT	
Men	%	66.7
Women	%	33.3
Under 30 years of age	%	-
Between 30 and 50 years of age	%	-
Over 50 years of age	%	100

As recommended by the Corporate Governance Code, and in accordance with the role assigned to it by law, the Board of Statutory Auditors verified the correct application of the established assessment criteria and procedures adopted by the Board of Directors in assessing the independence of its non-executive members.

The Board of Statutory Auditors confirmed that all Statutory Auditors meet the independence requirements pursuant to article no. 2, Recommendation no. 9, of the Corporate Governance Code, as verified during the meeting held on 14 January 2025 in accordance with the Board of Statutory Auditors' Rules of Procedure.

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Skills and experience of the members of the Board of Statutory Auditors

The Board of Statutory Auditors, similarly to the Board of Directors, is involved in a specific induction programme, which involves an in-depth study of issues related to the business sector in which the Company operates, company dynamics and their evolution, as well as the relevant regulatory and self-regulatory framework, in order to ensure that Statutory Auditors and Directors have adequate knowledge. During the current term of office, the programme has also included in-depth analysis of sustainability-related matters, including the regulatory developments introduced by the CSRD. Furthermore, in addition to availing of sustainability experts when necessary, the Board of Statutory Auditors has expertise in risk management, climate change, sustainability statements, gender diversity and governance, relevant to, inter alia, the company's material impacts, risks and opportunities. It should also be noted that the Chair of the Board of Statutory Auditors has been registered in the Register of Sustainability Auditors since 8 October 2025.

GOVERNANCE OF IMPACTS, RISKS AND OPPORTUNITIES

GOV-1
GOV-2
GOV-5
G1-3

The board of directors performs the tasks and functions recommended by the Corporate Governance Code and, in particular, defines the strategies and monitors their implementation, approving the Industrial Plan of the Company and its Group, also based on the analysis of topics that are material to the generation of long-term value, as well as identifying the nature and level of risk compatible with the strategic objectives, with a view to the pursuit of sustainable success. The Board of Directors also examines in advance or authorises transactions entered into by the Company directly or through subsidiaries that qualify as significant.

In ESG matters, the Board of Directors, with the support of the competent Committees and senior management, performs preparatory, advisory and consultative functions in relation to sustainability objectives, overseeing the activities promoted by the Group to achieve them and continuously monitoring their results.

In the area of sustainability, the Board of Directors is responsible - supported by the dedicated internal Committees, namely the Sustainability, Governance and Scenarios Committee and the Audit and Risk Committee - for overseeing ESG impacts, risks and opportunities identified as material through the Double Materiality Assessment, through the receipt of periodic information flows on these matters. Furthermore, the Board formally approves the environmental, social and governance policies adopted by the Group, which are fully aligned with the Group's mission to operate with a sustainable approach that is attentive to the needs of communities and people.
Specifically, the Sustainability, Governance and Scenarios Committee was provided with information on the Group's Double Materiality Assessment process and the related impacts, risks and opportunities that emerged as material. Details are provided in the section "Double Materiality", to which reference should be made.

In particular, the Committees responsible for sustainability matters meet periodically, engaging, where necessary, with senior management for updates and in-depth analysis. This enables the periodic submission of an information report to the Board of Directors containing, among other elements, the analyses carried out in the ESG area, including the assessment of sustainability impacts, risks and opportunities relevant to the Group. Such information supports the Board in making strategic and operational decisions, as it enables it to:

- assess the alignment of business decisions with sustainability objectives and the commitments undertaken by the Group;
- consider potential long-term effects related to environmental, social and governance matters when defining strategic guidelines;
- integrate ESG variables into planning and resource allocation processes;
- promptly identify emerging risks and opportunities related to sustainability trends, thereby guiding decisions on significant transactions and investments.

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At the organisational level, the identification and management of sustainability topics and projects, as well as the definition of appropriate policies, guidelines and operating instructions, fall under the responsibility of the "Strategy, Digital and Sustainability" Department, which periodically reports to the Sustainability, Governance and Scenarios Committee. It should be specified that, in 2025, such reporting was carried out at least on a quarterly basis. In particular, the department is responsible for strategic planning, monitoring, reporting, and relations with international sustainability rating agencies and ESG investors, as well as project development and related implementation actions that serve in the achievement of the Group's strategic goals.

As recommended in Borsa Italiana's Corporate Governance Code[67] and by national and international best practices[68], the Group has adopted a specific **Internal Control and Risk Management System (System** or **ICRMS)**. This consists of the culture, capabilities, rules, procedures and internal practices and organisational structures with the objective of defining an accountability system for effectively and efficiently identifying, measuring, managing, mitigating and monitoring the main risks. The aim of the System is to contribute to the Group's sustainable success, retaining a high degree of stakeholder trust in the Group's governance and controls.

The System provides a management tool designed to ensure that the way the business is run is consistent with the Company's business objectives. It puts risk management at the heart of the value chain, starting from key considerations such as the mission, vision, values and operating environment. These are embedded in the process of defining and developing strategy and performance to support decision-making processes by making explicit reference to risks and uncertainties and through informed responses. One of the elements constituting the System is the **Risk Management System**, which is also aligned with the recommendations of the Corporate Governance Code for listed companies and with international best practices (ISO 31000 and the COSO Framework).

As confirmation of the robustness of the model, in July 2025 the companies of the Terna Group, Terna S.p.A., Terna Rete Italia S.p.A., Terna Energy Solutions S.r.l. and Terna Plus S.r.l., obtained certification of conformity of the Risk Management System from the international certification body Bureau Veritas, following a verification process conducted against the aforementioned standards.

Risk governance provides, in support of the Board of Directors' assessments and decisions regarding the Internal Control and Risk Management System (ICRMS), for the contribution of a dedicated board committee composed of independent directors - the **Audit and Risk Committee** - which interacts periodically with the corporate functions most directly involved in these processes.

The Committee also maintains a direct relationship with the **Chief Risk Officer (CRO)**, appointed by the Chief Executive Officer, subject to the opinion of the Control and Risk Committee (CRC), whose role is to support senior management in the effective implementation and management of the Group Risk Management process, as well as to ensure appropriate coordination of the functions responsible for control activities. The CRO reports to the Chief Executive Officer and the Committee on the outcomes of risk management activities. The CRO receives operational support from the Enterprise Risk Management unit, which reports directly to the CRO and has the role of coordinating all aspects of the Risk Governance framework described below.

Finally, within the ICRMS, the Internal Audit Department is responsible for verifying the effectiveness and adequacy of the System and ensuring that it is consistent with the guidelines defined by the Board of Directors. Audit activities extend to all business processes (including Risk Management), with particular attention paid to the

[67] See art. no. 1 - Role of the board of directors - Recommendations - *c) defines the nature and level of risk compatible with the company's strategic objectives, including all the elements that can be relevant for the company's sustainable success; d) defines the corporate governance system of the company and the structure of the group it heads, and assesses the adequacy of the company's organisational, administrative and accounting structure and of its strategically important subsidiaries, with particular reference to the internal control and risk management system*.

[68] The ERM framework issued by the US body C.O.S.O., "Committee of Sponsoring Organizations of the Treadway Commission".

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most important processes due to their impact on the Company's value, the degree of risk they pose in respect of achievement of the Company's objectives, or their influence on aspects of broad interest to the Company.

In operational terms, risk management takes place throughout the Company, based on a structured, systemic approach. It involves a **Risk Governance Framework (Framework)** setting out the roles and responsibilities of the various actors involved in the Risk Management System, embedding the three levels of control provided for in the Corporate Governance Code within the Company's organisational structures. Each level has different objectives and specific associated responsibilities:

- **First level of control:** the primary responsible party (risk owner) for the identification, assessment and management of risks within its areas of competence;
- **Second level of control:** assigned to organisational functions (e.g. Health & Safety, Compliance, Law 262 and CSRD Compliance, Environmental Protection, Fraud Management, Data Protection and Privacy, Cybersecurity, etc.) that are autonomous, independent and separate from the business units responsible for operational activities. This level of control oversees changes in external regulations and in the related best practices and participate in the definition of governance policies and in the process of managing the risk categories for which it is responsible. These functions also support the First level of control through the design and delivery of awareness and training activities;
- **Third level of control:** the responsibility of the Audit function, providing an independent evaluation of the design and effectiveness of ICRMS (so-called assurance). The entity that has this role has a high degree of organisational, hierarchical, and functional independence.

Good risk governance must ensure a holistic and coordinated view of all the actors involved, so that they may work together, identify and assess risks, identify their possible impacts and, consequently, have the right information available to make the most appropriate decisions.

The diverse elements of the Risk Management System give an idea of the complexity of the Framework and how the entities and departments involved, each with their own specific nature, contribute to the above holistic vision, working in synergy and in accordance with a structured and organised approach.

To this end, Terna puts in place procedures and processes to coordinate the relations and activities of the entities that exercise control at various levels. In this regard, **coordination between the activities of the second-level control departments** is particularly important, in order to minimise duplication of activities and maximise the efficiency of the risk management system, while respecting their respective roles and responsibilities, and the necessary independence requirements.

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The Framework is thus based on a widespread approach to risk management within the organisation, involving a range of bodies and departments across every level of the organisation, as shown below:

Risk Governance Model



As part of the corporate project to align with the new regulatory framework on sustainability reporting, in 2024 Terna established a control model aimed at the implementation and maintenance of an **Internal Control System for Sustainability Reporting (ICSR)** and initiated its progressive implementation, designed to ensure the reliability of such information and its compliance with the reporting standards set out in the ESRS and with the specifications adopted pursuant to article no. 8(4) of Regulation (EU) 2020/852 – EU Taxonomy.

The ICSR also has the objective of supporting the Chief Executive Officer and the Manager responsible for preparing the Terna Group's financial reporting in issuing certifications to the Market regarding the compliance of the Terna Group's Consolidated Sustainability Statement.

The ICSR is an integral part of the Terna Group's Internal Control and Risk Management System, consisting of the set of rules, procedures and organisational structures that, through an adequate process of identification, measurement, management and monitoring of the main risks, allow the Company to manage them correctly and consistently with its objectives.

From a methodological perspective, the control model for sustainability reporting is based on the framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (the so-called "CoSO Framework"), which in March 2023 published a dedicated supplementary guidance on sustainability reporting entitled "Achieving Effective Internal Control of Sustainability Reporting (ICSR)".

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Consistent with the principles of the CoSO Report, the ICSR management process is structured into the following main phases:

- Scoping;
- Analysis of risks and controls;
- Monitoring;
- Assessment and reporting.

During 2025, Terna continued the progressive implementation of the Control model, expanding the scope of the monitored indicators and the related procedures.

The identification of the areas of greatest risk for the sustainability statement is carried out as part of the scoping phase through a risk/materiality analysis of the data (KPIs) included in the Terna Group's Consolidated Sustainability Statement, based on assessment drivers that take into account endogenous and exogenous risk factors.

For KPIs assessed as presenting higher risk or materiality, and for the Group companies that make a significant contribution to these KPIs, a further risk analysis is planned, based on a top-down and risk-based approach, focusing on the business processes from which these KPIs originate.

In particular, risk analysis at the process level consists of identifying events that may compromise the qualitative characteristics (relevance, faithful representation, comparability, verifiability and understandability) that the data and information presented in the Consolidated Sustainability Statement prepared in accordance with the ESRS standards must fulfil.

In this area, the assessments carried out highlighted the following main categories of risk: (i) completeness and integrity of data; (ii) availability and timeliness of data; (iii) traceability of data; (iv) authorisation of data and information; and (v) compliance with relevant legislation.

The following main types of controls are envisaged in order to properly monitor these risks:

- approval and management review controls;
- data reconciliation checks;
- consistency checks of the Consolidated Sustainability Statement with respect to the relevant ESRS;
- logical access controls and traceability of operations performed on the system used for the Consolidated Sustainability Statement;
- consistency checks by analysing the variance of data within the time series available.

It should also be noted that the process of collecting and consolidating sustainability data and information and drafting the Consolidated Sustainability Statement is supported by the use of an IT application that represents a further integral risk mitigation factor that enables structured data collection flows, automatic controls and monitoring dashboards.

A further general element of risk mitigation on sustainability reporting is represented by the Terna Group's "control environment", consisting of the set of ethical values and cultural values, the governance and organisational model, the leadership style exercised by Senior Management and Management, and by the personnel management policies, aimed at establishing a general context designed to ensure that process activities are carried out and controlled in accordance with the principles and objectives defined by management.

The ICSR provides for a periodic assessment phase of the adequacy of the design and effective application of the controls of which it is composed. The results of these assessments are analysed and evaluated by management in order to define, where appropriate, corrective actions to be implemented in the relevant processes.

Within this control framework, a cascading certification system was implemented by Terna management and the delegated administrative bodies of consolidated companies regarding compliance with reporting standards for sustainability data and information provided for the preparation of the Consolidated Sustainability Statement, with the requirements of Regulation (EU) 2020/852 (EU Taxonomy) and with the progressive and ongoing adoption of appropriate internal control processes.

In support of this system, during 2025 verification activities were initiated on the procedures already formalised in 2024, through the implementation of a second-level monitoring plan defined according to a risk-based approach and based on priority and rotation criteria.

During 2025, specific information flows were directed to the governing, management and supervisory bodies, as well as to the external auditor, in order to illustrate the progress of Terna's programme for compliance with the CSRD, including the development of internal control processes relating to sustainability reporting.

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GOV-4

The process of due diligence of the Terna Group

The due diligence process is fundamental for the Terna Group, as it allows it to identify and manage risks and opportunities related to its operations and value chain. This approach ensures that the Group operates in a responsible and sustainable manner, in compliance with applicable regulations and international standards.

The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct and the United Nations Guiding Principles on Business and Human Rights provide the framework for due diligence.

The table below provides a summary of the main due diligence aspects mentioned in the Consolidated Sustainability Statement.

CORE ELEMENTS OF DUE DILIGENCE	PARAGRAPHS OF THE CONSOLIDATED SUSTAINABILITY STATEMENT 2025
A) Embedding due diligence in governance, strategy and business model	ESRS 2 GOV-2 ESRS 2 GOV-3 ESRS 2 SBM-3 (including disclosure requirements relating to specific sustainability matters E1–E4, S1, S2, S3 and S4)
B) Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2 MDR-P ESRS 2 GOV-2 ESRS 2 SBM-2 ESRS 2 IRO-1 (including disclosure requirements relating to specific sustainability matters E1–E4 and E5)
C) Identifying and assessing adverse impacts	ESRS 2 IRO-1 (including disclosure requirements relating to specific sustainability matters E1–E4 and E5) ESRS 2 SBM-3 (including disclosure requirements relating to specific sustainability matters E1–E4, S1, S2, S3 and S4)
D) Taking actions to address those adverse impacts	ESRS 2 MDR-A ESRS E1-3 ESRS E4-3 ESRS E5-2 ESRS S1-4 ESRS S2-4 ESRS S3-4 ESRS S4-4
E) Tracking the effectiveness of these efforts and communicating	ESRS 2 MDR-T ESRS E1-4 ESRS E4-4 ESRS E5-3 ESRS S1-5 ESRS S2-5 ESRS S3-5 ESRS S4-5

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GOV-3
E1| GOV-3

The remuneration system

In line with Terna's governance framework, the Board of Directors is responsible for setting and updating the objectives and approving the results of the incentive schemes to which the variable remuneration of the Chief Executive Officer and General Manager is linked, and for defining the general criteria for the remuneration of Key Management Personnel.

In line with the recommendations set out in the Corporate Governance Code, with regard to remuneration matters, the Board of Directors is supported by the Remuneration and Nominations Committee, composed of non-executive Directors, the majority of whom are independent, which performs advisory and proposal functions in this area.

Remuneration policy

The Terna Group has designed its Remuneration Policy in line with stakeholders' expectations and market best practices and in accordance with the principles and criteria set out in the Corporate Governance Code. The Group also ensures the maximum alignment between shareholders and management, in terms of both value creation and the risk profile established.

The Board of Directors ensures that the Chief Executive Officer and General Manager is the beneficiary of a policy that is in line with the principles contained in the Corporate Governance Code. This means ensuring that a significant part of remuneration is linked to the achievement of specific performance objectives, including those of a non-financial nature (e.g., ESG indicators). In the pay mix, care is also taken to ensure that long-term incentives are given more weight than those of a short-term nature.

The same principles underpin the policy for Key Management Personnel.

To support the achievement of strategic objectives and corporate performance, including **ESG-related targets**, differentiated variable incentive schemes have been implemented for the various categories of employees.

- **Short-Term Incentives (STIs)** for company management, which links the amount of individual bonuses:
  - linked to the degree of achievement of quantitative targets, both at corporate and individual level, a portion of wahich are attributable to the Group's environmental and social commitments (e.g. occupational health and safety performance indicators);
  - to a qualitative assessment of performance, based on management behaviour

- **Long-Term Incentives (LTIs),** long-term incentive plans, linked to multi-year business objectives, including sustainability-related objectives, for managers in the most important roles with regard to achievement of strategic results.

In particular, with reference to the selection of the indicators underpinning short- and long-term incentive schemes, the Remuneration Policy is oriented towards the achievement of ESG objectives, including those related to climate change mitigation actions. Primary reference is made to the target introduced in the LTI plan in 2023 and confirmed in both 2024 and 2025, directly linked to the delivery of the energy transition, which rewards the maximisation of electricity generation from non-programmable renewable sources and supports their integration into the National Electricity System, while 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. In particular, with regard to the achievement of the Scope 2 emissions target, which accounts for 96% of the value considered for the base year (2019)[69]. Furthermore, the LTI plan awarded in 2025 introduced an additional ESG-related objective, referred to as "Connections", which, by measuring the commissioning of new capacity from renewable energy sources supporting the energy transition, further increased the relative weighting of ESG-related KPIs, particularly those relating to climate change. In addition, other objectives were also confirmed in 2025 - for the Chief Executive Officer/General Manager and for the executives with strategic responsibility - relating to the development of the grid 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.

[69] For further information, please also refer to page 245.

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Incentive mechanisms linked to climate change mitigation have long been in place not only for senior management but also for the broader population eligible for variable remuneration. The related remuneration objectives, in addition to reflecting those described above for top management, have over time also addressed, for example, the development of electric mobility, the management and use of the greenhouse gas SF_6, the monitoring of climate change adaptation actions (resilience), the development of a methodology for analysing grid resilience to climate-related events and its integration into corporate planning, as well as the forecasting and monitoring of the commissioning of connections for renewable energy plants (RES) and storage systems.

With regard to ESG objectives, it should also be noted that short-term targets related to the safety of Terna's employees and contractors have been in place for many years. Safety performance at Terna is monitored through three KPIs: a Workplace Safety Index (calculated as the weighted arithmetic mean of the Injury Frequency Rate and the Injury Severity Rate, measured by comparing the annual performance with the average performance over the previous three years); a KPI relating to the Reduction of Behavioural Incidents, aimed at influencing individual behaviours throughout working activities; and a KPI relating to contractor safety, which monitors accidents involving personnel employed by contractor companies operating at Terna sites. It should be noted that the 2025 Remuneration Policy assigned an overall weighting of 25% to workplace safety at Terna (10% to the Workplace Safety Index, 10% to the Reduction of Behavioural Incidents, and 5% to the growth rate of the Injury Frequency Rate relating to contractor companies operating at Terna sites in Italy).

As regards long-term incentive plans, there are three Performance Share Plans for the General Manager, Key Management Personnel, and a selection of the Terna Group's senior and middle managers who play important roles in the achievement of the Group's strategic results:

(i)

Performance Share Plan 2023-2027

includes an **ESG KPI (with a weighting of 15%)** clinked, in continuity with the 2022-2026 Plan, to inclusion in a basket of selected ESG indices (Dow Jones Sustainability Index World, STOXX ESG Leaders, MIB 40 ESG and Bloomberg GEI[70]), as well as a new indicator, **Overgeneration (with a weighting of 15%)**, which, as previously outlined, represents the reduction in the need for curtailment of electricity generation from Non-Programmable Renewable Energy Sources (FRNP) requested by Terna to ensure the security of the National Electricity System;

(ii)

Performance Share Plan 2024-2028

includes, in continuity with the 2023-2027 Plan, the **Overgeneration** indicator, **with a weight that has increased to 30%**, which represents the reduction in the modulation of generation from Non-Programmable Renewable Sources requested by Terna, due to the security requirements of the National Electricity System;

(iii)

Performance Share Plan 2025-2029

includes, in continuity with the 2024-2028 Plan, the **Overgeneration indicator with a weighting of 30%**, and introduces, as previously described, a new **ESG KPI referred to as "Connections", with a weighting of 10%**. The latter measures Terna's efficiency in meeting average connection times, bringing the overall weight of ESG indicators to 40%. The objective of the "Connections" KPI is to facilitate the entry into operation of new generation capacity from renewable sources, which is crucial for supporting the energy transition, optimising connection times.

[70] As of 2024, the FTSE4Good index replaced the discontinued Bloomberg GEI.

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The Regulations governing the Performance Share Plan 2025-2029 were approved by the Board of Directors on 24 June 2025, in implementation of the terms established by the Annual General Meeting held on 21 May 2025.

This Plan provides for the assignment of the right to receive a number of Terna S.p.A. shares. (Performance Shares) will be granted free of charge at the end of the performance period, provided that the performance targets to which the Plans are linked are achieved.

For further details, reference should be made to the Information Circular on the Performance Share Plan 2025-2029, which is posted on the Company's website www.terna.it.

On 22 September 2025, Terna announced the completion of the share buyback programme servicing the Plan, involving total expenditure of approximately €9 million.

The offer is supplemented by welfare and benefit initiatives that promote robust, ongoing improvement of the work-life balance of Terna's people, with a view to providing remuneration and company welfare packages that are well above the average for Italian companies.

For full details on the new remuneration policy of the Terna Group for 2026, reference should be made to the Report on the Remuneration Policy and Remuneration Paid approved by the Board of Directors - upon proposal of the Remuneration and Nominations Committee - on 26 March 2026 and published in compliance with the provisions of article no. 123-ter of the Consolidated Law on Finance, as most recently amended.



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Environmental information

EU Taxonomy
Regulation (EU) 2020/852

Introduction

In order to give concrete effect to the European Green Deal, the European Union has established a framework of climate and energy targets with time horizons to 2030 and 2050, the achievement of which requires an active role also from the private sector. In particular, directing capital towards environmentally sustainable initiatives and activities represents a key lever for achieving these objectives. Within this context, European institutions have introduced a Taxonomy of economic activities aimed at identifying those considered sustainable, as they are potentially capable of contributing to the environmental objectives of the European Union. Regulation (EU) 2020/852 (hereinafter also referred to as the "EU Taxonomy Regulation" or the "Regulation") formalised this classification system, providing investors, companies and public authorities with a common and structured set of criteria for identifying sustainable economic activities. Through the Regulation, it is also possible to measure the level of alignment and the contribution of individual business activities to the established objectives, thereby strengthening transparency of disclosures and comparability for all stakeholders.

According to the Regulation, an economic activity can be defined as "environmentally sustainable" if it:

- **meets the technical screening criteria defined, on a scientific basis, for each activity**. Compliance with the technical screening criteria ensures that an activity:
  - **contributes substantially to the achievement of at least one of the six environmental objectives** set out in article 9 of the Regulation: climate change mitigation; climate change adaptation; the sustainable use and protection of water and marine resources; the transition to a circular economy; pollution prevention and control; the protection and restoration of biodiversity and ecosystems;
  - **Do No Significant Harm (DNSH)** to any of the other five environmental objectives;
- **respects minimum safeguards**, recognising the importance of human rights and international rights and standards in the management of its organisation and along the supply chain.

The obligation to publish Taxonomy-related disclosures within the Report on Operations entered into force as from January 2022 for companies already subject to the requirements set out in Directive (EU) no. 2014/95 on non-financial reporting. During the initial phase of application of the framework, relating to the 2021 financial year, companies were required solely to disclose the breakdown, in terms of Turnover, capital expenditure (CapEx) and operating expenditure (OpEx), of activities classified as "Taxonomy-eligible" ("eligible") and "non eligible" ("non-eligible"), with reference exclusively to the objectives of climate change mitigation and climate change adaptation. These activities were identified in Annexes I and II to Delegated Regulation (EU) 2021/2139 (the so-called Climate Delegated Act), without the need to verify compliance with the technical screening criteria and minimum safeguards, nor to provide information on their alignment. As from 2022, the regulatory framework has been applied in full, albeit limited to the first two climate objectives, introducing the obligation to publish the shares of Turnover, CapEx and OpEx relating to environmentally sustainable activities and requiring companies to perform an alignment assessment. Such analysis entails, for each eligible activity, verifying compliance with the technical screening criteria and the minimum safeguards set out in article no. 18 of the Regulation. Starting from the 2024 financial year, the requirement to assess alignment has been extended to all eligible activities, encompassing not only those related to the first two climate objectives, but also activities contributing to the additional four environmental objectives introduced by Commission Delegated Regulation (EU) 2023/2486 (Environmental Delegated Act), as well as those governed by Commission Delegated Regulation (EU) 2023/2485, which supplements and expands the framework relating to the climate objectives.

The entry into force of Commission Delegated Regulation (EU) 73/2026 has led to a revision in the structure of the disclosure requirements established under European legislation. The text, adopted by the Commission on 4 July

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2025 and formally published in the Official Journal on 8 January 2026, introduces an implementation framework aimed at simplification. As of 1 January 2026, undertakings may adopt simplified reporting templates characterised by a reduced number of datapoints and the removal of tables relating to activities associated with fossil gas and nuclear energy. Furthermore, an additional development concerns the introduction of a materiality threshold for each KPI, enabling undertakings to exclude activities deemed not material from the assessment.

Among other developments, the Regulation streamlines the generic DNSH criteria associated with the objective of "Pollution prevention and control" (Appendix C of the Taxonomy), simplifying the related compliance requirements. From these criteria, the assessment of substances classified under the Classification, Labelling and Packaging (CLP) Regulation[71] has been removed, with increased focus placed on substances included in the REACH Candidate List[72].

The Delegated Regulation provides the option to either adopt the proposed amendments immediately or defer their application by one year. With reference to the 2025 financial year, the Terna Group elected to apply the new provisions introduced by the Delegated Regulation without making use of the option to exclude non-material activities from the eligibility and alignment assessment, thereby ensuring comprehensive coverage and a high level of transparency in the reporting of its environmentally sustainable performance.

Assessment of compliance with the Regulation

With reference to the 2025 financial year, and in continuity with the approach adopted in previous years, the Group conducted a systematic analysis of the activities described in the section "The Terna Group's business", encompassing both Regulated and Non-Regulated Activities, as well as activities carried out abroad. This analysis was undertaken for the purpose of mapping activities in relation to the EU Taxonomy and, in particular, identifying those considered eligible, as they are potentially capable of contributing to the achievement of the environmental objectives defined at European level. The assessment examined the potential contribution of the Group's activities to the six environmental objectives set out in the Taxonomy:

- Climate change mitigation;
- Climate change adaptation;
- Sustainable use and protection of water and marine resources;
- Transition to a circular economy;
- Pollution prevention and control;
- Protection and restoration of biodiversity and ecosystems.

Following this analysis, the Group's activities were mapped to the following economic activities defined under the EU Taxonomy:

- **3.20 CCM Manufacture, installation and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation:** this category includes activities that contribute, or enable a substantial contribution, to climate change mitigation. Within this scope fall the activities carried out by the Tamini Group, limited to the share of transformer production intended for electricity generation, distribution and transmission, as well as the core business of the Brugg Cables Group relating to the manufacture of electrical cables used in electricity transmission and distribution systems. It should be noted that the activity includes the revenue, capital expenditure and operating costs components attributable to the core business activity;
- **4.1 CCM** Electricity generation using solar photovoltaic technology: although the title of the activity under the Delegated Regulation is "Electricity generation using solar photovoltaic technology", it is specified that the activity explicitly also refers to the "construction or operation of renewable energy installations" intended for third parties. Accordingly, the Terna Group does not carry out electricity generation activities; eligibility arises solely from the fact that the activities performed include operations related to **the installation, maintenance and repair of renewable energy technologies, with specific reference to ground-mounted photovoltaic installations**. The activities carried out by the Altenia Group for third-party clients are allocated, in terms of revenue and costs, between the present activity, with regard to ground-mounted photovoltaic plants, and activity 7.6 CCM for photovoltaic systems installed on buildings. As provided for by the Climate Delegated Act, where the activity concerns the installation, maintenance and repair of renewable energy technologies, the technical screening criteria established for activity 7.6 apply;

[71] Regulation (EC) no 1272/2008 (CLP – Classification, Labelling and Packaging of chemicals), together with its revision (Regulation (EU) 2865/2024), governs the classification, labelling and packaging of chemical substances and mixtures in accordance with the United Nations Globally Harmonised System (GHS).

[72] Regulation (EC) no 1907/2006 (REACH – Registration, Evaluation, Authorisation and Restriction of Chemicals) governs the registration, evaluation, authorisation and restriction of chemical substances and requires the registration of all substances manufactured or imported into the European Union in quantities exceeding one tonne per year.

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- **4.9 CCM/CCA Transmission and distribution of electricity:** this category primarily includes activities attributable to the Group's **Regulated Activities**, such as the development, construction, operation and maintenance of the National Transmission Grid (NTG), an integral part of the interconnected European electricity system, as well as dispatching and metering activities. It also includes certain **Non-Regulated Activities** carried out by Terna Rete Italia S.p.A., Terna Energy Solutions S.r.l. and the Altenia Group relating to interventions on equipment supporting the interconnected European system, as well as activities performed by the Tamini Group relating to the installation of transmission and distribution transformers compliant with the requirements of Regulation (EU) no. 548/2014 and standard EN 50588 1. The scope of activity 4.9 CCM further includes activities carried out by the subsidiaries Terna USA LLC, Terna Perú S.A.C., Terna 4 Chacas S.A.C. and Terna Interconnector S.r.l. It should be noted that activity **4.9 CCA** relates to investments undertaken by Terna S.p.A., Rete S.r.l. and Rete 2 S.r.l., which own the relevant National Transmission Grid assets, aimed at enhancing their level of climate change adaptation;
- **6.5 CCM Transport by motorbikes, passenger cars and light commercial vehicles:** this activity includes the purchase, financing, rental, leasing and management of vehicles belonging to categories M1 and N1 within the scope of Regulation (EC) no. 715/2007, as well as vehicles in category L. In accordance with the Regulation, these expenditures are classified as CapEx of type C and, in particular, include capital expenditure relating to the Terna Group's corporate vehicle fleet used in connection with employee fringe benefits. During 2025, costs relating to this activity were incurred by Terna S.p.A., Terna Rete Italia S.p.A., the Altenia Group, Terna Energy Solutions S.r.l., the Brugg Cables Group and the Tamini Group;
- **7.6 CCM Installation, maintenance and repair of renewable energy technologies:** this activity includes maintenance, monitoring and other services provided to third parties operating in the renewable energy generation sector. In particular, this category includes the non-regulated activities carried out by Terna S.p.A., Terna Rete Italia S.p.A., Terna Energy Solutions S.r.l. and the Altenia Group relating to the construction and maintenance of solar photovoltaic plants and the associated technical equipment;
- **9.3 CCM Professional services related to the energy performance of buildings:** this activity includes consultancy and specialist support services relating to the energy efficiency of buildings, including feasibility studies, energy performance contracts, the management of energy efficiency certificates (white certificates), and, more generally, the services provided by Avvenia The Energy Innovator S.r.l. in its capacity as an Energy Service Company (ESCO).

The eligibility assessment also included Terna Forward S.r.l., Esperia CC S.r.l. and Terna Plus S.r.l. However, the activities carried out by these companies during 2025 were not attributable to any of the activities defined under the Delegated Acts and were therefore deemed non-eligible. For the purpose of determining the level of Taxonomy alignment, for each of the eligible activities identified in the preceding paragraphs, the Group carried out specific analyses aimed at verifying compliance with both the Substantial Contribution criteria and the "Do No Significant Harm" (DNSH) requirements, with the exception of activity 6.5 CCM and the portion of activity 4.9 CCM attributable to the companies Terna USA LLC, Terna Perú S.A.C., Terna 4 Chacas S.A.C. and Terna Interconnector S.r.l. For these activities, the alignment assessment was not performed in accordance with the clarification provided in FAQ no. 13 of European Commission Communication no. 305/2023, which states: "[…] *Where, due to a lack of data or information, undertakings are unable to determine compliance with the technical screening criteria for Taxonomy-eligible activities that are not material to their business, they should report such activities as not aligned with the Taxonomy without conducting further assessments* […]".

In accordance with the provisions of the Regulation, the Terna Group therefore determined the percentages of Turnover, CapEx and OpEx associated with Taxonomy-aligned activities and with activities that are eligible but not aligned, and disclosed this information in the tables included in the statement[73]. In the tables, where the same economic activity makes a substantial contribution to more than one environmental objective, the percentage of alignment is reported separately for each objective.

Furthermore, in implementation of the amendments introduced by the Environmental Delegated Act, specific supplementary tables were prepared illustrating, for each environmental objective, the percentages of eligibility and alignment, separately considering, as in the case of CapEx, the share of the KPI attributable to activities contributing to more than one environmental objective.

[73] These are based on the "Templates for the key performance indicators (KPIs) of non-financial undertakings" in Delegated Regulation (EU) 2021/2178, updated by Delegated Regulation (EU) 2023/2486.

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ACTIVITY 3.20 CLIMATE CHANGE MITIGATION - Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation

Substantial contribution

The activities carried out by the Tamini Group and the Brugg Cables Group are considered capable of making a substantial contribution to climate change mitigation, with specific reference to the provisions set out under point 1(b), namely: *"transmission and distribution current-carrying wiring devices and non-current-carrying wiring devices for wiring electrical circuits, and transformers that comply with the tier 2 (1 July 2021) requirements for large power transformers set out in Annex I to Commission Regulation (EU) no. 548/2014 (168), and medium power transformers with highest voltage for equipment not exceeding 36 kV, with AA0 level requirements on no-load losses set out in standard EN 50708 series, provided those devices and transformers contribute to increasing the proportion of renewable energy in the system or improve energy efficiency"*, and point 4, namely: *"All products, equipment and systems comply with the mandatory energy performance and material efficiency requirements established under Directive 2009/125/EC of the European Parliament and of the Council. Manufacturers refer to the latest performance requirements applicable within the Union."* With reference to the manufacturing activity of wiring devices carried out by the Brugg Cables Group, the cables produced are considered compliant with the substantial contribution criterion, as, by their nature, they support the energy efficiency of the electricity system. These products are intended, on the one hand, to replace obsolete cables and infrastructure, thereby reducing energy losses, and, on the other hand, to strengthen networks required for the integration of additional generation capacity from renewable sources.

With regard to the transformers produced by the Tamini Group, compliance with the technical requirements in terms of power ratings, as defined by the substantial contribution criterion, has been verified exclusively for the portion of transformers manufactured, sold and installed for electricity transmission and distribution, and not for the share intended for industrial use that does not fall within activity 3.20 CCM. Consequently, the criterion has been considered satisfied solely with respect to that portion.

The substantial contribution criterion further requires that the equipment concerned is not used to establish or expand direct connections between a substation or network and a power plant characterised by a greenhouse gas emission intensity exceeding 100 g CO_2e/kWh, calculated on a life-cycle basis. Given that both the Brugg Cables Group and the Tamini Group market their products to a broad and diversified customer base, it was not possible to perform a case-by-case verification of the functional destination of each sale. Accordingly, a methodological simplification was adopted based on an analysis of the geographical distribution of sales of the two companies. For each relevant country, the share of renewable energy generation capacity relative to total installed capacity as at 2024 was examined using data from the Renewable Energy Statistics 2025 report published by the International Renewable Energy Agency (IRENA)[74], taking into account that electricity generation from renewable sources is associated with emission levels below the thresholds defined by the technical screening criteria. On the basis of this approach, the criterion was considered to be met exclusively for the share of the KPI determined proportionally in relation to the average percentage of installed renewable capacity in the countries in which the two companies operate.

[74] https://www.irena.org/-/media/Files/IRENA/Agency/Publication/2025/Jul/IRENA_DAT_RE_Statistics_2025.pdf.

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DNSH

For the purpose of verifying compliance with the Do No Significant Harm (DNSH) criteria relating to activity 3.20 CCM, with specific reference to the climate change adaptation objective, the applicable legislation requires the identification and assessment of the physical climate risks to which the activity is exposed. In the absence of mapping and a structured analysis of such risks for the activities carried out by the Brugg Cables Group and the Tamini Group, the relevant DNSH criterion was considered not to be met. Consequently, the activity under review is classified as eligible but not aligned with the Taxonomy. Similarly, with reference to the DNSH criteria relating to the sustainable use and protection of water and marine resources, as well as the protection and restoration of biodiversity and ecosystems, it emerged that the two companies do not have environmental assessments such as Vulnerability Assessments (VA), Strategic Environmental Assessments (SEA) or equivalent instruments that include specific requirements relating to water resource protection and biodiversity conservation. With regard to the criteria relating to the transition to a circular economy, the companies operate in compliance with applicable national legislation, prioritising, where possible, the allocation of waste to reuse operations rather than disposal. However, structured plans for the use of secondary raw materials or reused components in manufacturing processes have not yet been defined. In this regard, it should be noted that the Group's Circular Economy roadmap also includes the Brugg Cables Group and the Tamini Group, which, within this framework, have initiated actions aimed at increasing the level of circularity of their business activities. With reference to the DNSH criteria relating to pollution prevention and control, both companies comply with the provisions of the REACH Regulation governing the manufacture, placing on the market and use of chemical substances listed in Appendix C, as well as with the applicable European legislation governing products intended for the European Union market. It should nevertheless be clarified that compliance with the REACH Regulation alone is not, in itself, sufficient to ensure full compliance with all the additional requirements and provisions set out in Appendix C.

ACTIVITY 4.1 CLIMATE CHANGE MITIGATION - Electricity generation using solar photovoltaic technology

Substantial contribution

In accordance with the provisions of the Regulation, with reference to the activity under review, the operations carried out by the Altenia Group are assessed by applying the technical screening criteria defined for activity 7.6 CCM. This approach is adopted because, although the Group does not directly generate electricity using solar photovoltaic technology, the related activities performed on third-party installations are attributable to the **installation, maintenance and repair of renewable energy technologies relating to installations not located on buildings**. Within this framework, the activity is considered capable of making a substantial contribution to climate change mitigation in accordance with criterion 1(a), namely *"installation, maintenance and repair of solar photovoltaic systems and ancillary technical equipment"*.

DNSH

For the purposes of the alignment assessment of activity 4.1 CCM, as described in the preceding paragraph, the Do No Significant Harm (DNSH) criteria applicable to activity 7.6 CCM are applied. For this activity, the DNSH requirements relate exclusively to the climate change adaptation objective and require, in particular, the assessment of physical climate risks relevant to the activity concerned. It should be noted that the climate risk assessment carried out by the Terna Group on transmission assets, as described in the Climate Change Disclosure, does not include either activity 7.6 CCM or activity 4.1 CCM. Furthermore, all installation, maintenance and repair operations are performed on assets owned by third parties. In this context, as the Altenia Group has not identified specific physical climate risks associated with activity 4.1 CCM, a prudent approach has been adopted. Accordingly, while the activity is considered eligible under the Taxonomy, the Group considers it to be not aligned with the DNSH criterion established under the Regulation.

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ACTIVITY 4.9 – CLIMATE CHANGE MITIGATION - Transmission and distribution of electricity

Substantial contribution

The Group's core business, carried out primarily by Terna S.p.A., Terna Rete Italia S.p.A., Rete S.r.l., Rete 2 S.r.l. and Terna Crna Gora d.o.o., relates to the design, construction, management, development, operation and maintenance of the National Transmission Grid (NTG) at high and extra-high voltage. For the purposes of the EU Taxonomy, the National Transmission Grid meets the substantial contribution criterion established for activity 4.9 CCM, as it constitutes an integral part of the interconnected European electricity system, which includes the interconnected control areas of the Member States of the European Union, as well as those of Norway, Switzerland and the United Kingdom, together with their associated subordinate systems. Within the scope of the same activity, Operation and Maintenance services performed by the Tamini Group in support of the operation of the transmission grid are also included, as well as a portion of the non-regulated activities carried out by Terna Rete Italia S.p.A. and Terna Energy Solutions S.r.l. Furthermore, following the transfer of a business unit, as from April 2025 activity 4.9 CCM was transferred from Terna Energy Solutions S.r.l. to the Altenia Group.

DNSH[75]

The Terna Group carried out an assessment of climate risks potentially affecting transmission assets, as described in the Climate Change Disclosure, with the objective of identifying and analysing the main climate-related risks associated with the Group's infrastructure and operational activities. These assessments constitute the basis for the definition of Terna's Resilience Plan, a cross-functional corporate instrument encompassing the set of initiatives aimed at strengthening the grid resilience to extreme weather events, which are characterised by increasing frequency and intensity.

With reference to the environmental objective of the transition to a circular economy, during 2025 the Terna Group continued monitoring the implementation of the roadmap of actions to 2030 associated with its Circular Economy strategy, focusing on material sourcing, their proper use, the sustainable utilisation of resources, including the use of secondary raw materials, and waste management. Further details are provided in the dedicated section within the "Environmental information" chapter.

In relation to the objective of pollution prevention and control, the Terna Group adopts the general guidelines of the International Finance Corporation (IFC) on Environment, Health and Safety, as well as the applicable standards and regulations aimed at limiting the impact of electromagnetic radiation on human health. Furthermore, based on periodic internal checks carried out on environmental data, no presence of polychlorinated biphenyls (PCBs) was identified in transformers used or installed by Group companies during 2025.

With regard to transmission activities, the Group carried out, where required, specific Environmental Impact Assessments (EIA) for individual projects. Where such assessments were performed, appropriate mitigation and compensation measures were implemented to safeguard the environment. Upon completion of the planning process, the electricity grid Development Plan was also supported by a Strategic Environmental Assessment (SEA), which strengthened and validated the Group's planning decisions.

With reference to sites and operations located within or in proximity to biodiversity-sensitive areas, including, by way of example, Natura 2000 network areas, UNESCO sites, key biodiversity areas and other protected areas, an appropriate environmental risk assessment was carried out, where applicable. Where feasible, the Group also implemented mitigation, compensation and restoration measures aimed at restoring the original environmental conditions of the areas affected by its activities.

[75] With reference to the Do No Significant Harm principle, it should be noted that the Commission's Delegated Regulation (EU) 2139/2021 of 4 June 2021 defines the "Sustainable use and protection of water and marine resources" objective as not relevant for electricity transmission and distribution activities.

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ACTIVITY 4.9 CLIMATE CHANGE ADAPTATION - Transmission and distribution of electricity

Since activity 4.9 CCA, with reference to the interventions included in the Resilience Plan for the adaptation of transmission assets owned by Terna S.p.A., Rete S.r.l. and Rete 2 S.r.l., is considered eligible also in relation to the climate change adaptation objective , limited to the CapEx component, the Group extended the alignment assessment to this objective as well. This was undertaken in order to present the related outcomes in terms of KPIs in the table reported below. In particular, it should be noted that a share equal to 7% of CapEx was found to be eligible and aligned not only with the climate change mitigation objective but also with the climate change adaptation objective, with reference to Terna S.p.A., Rete S.r.l. and Rete 2 S.r.l., which hold ownership of the assets subject to climate adaptation interventions.

Substantial contribution

The Terna Group conducted a specific assessment of climate risks potentially affecting transmission assets, as described in the Climate Change Disclosure.
Within the scope of activity 4.9 CCA, the substantial contribution criterion further requires the implementation of adaptation measures capable of addressing the identified physical climate risks. In this context, the Resilience Plan represents the instrument through which the Group defines and confirms the planning of preventive infrastructure interventions aimed at strengthening the resilience of the National Transmission Grid to severe weather events, such as ice and snow phenomena or episodes of high winds. These interventions are intended, in particular, to increase the meshing of the grid and to reduce the risk of supply outages affecting connected installations during extreme weather events. Alongside physical solutions, the Resilience Plan also envisages the adoption of non-infrastructural measures, such as electricity system monitoring initiatives and operational service restoration tools, designed to mitigate the potential impacts of severe weather events on the grid while reducing the duration of power outages.

The Regulation also establishes specific requirements with which the implemented adaptation solutions must comply, including, inter alia, that such solutions do not adversely affect the adaptation efforts or the level of resilience to physical climate risks of other persons or economic activities, and that they are consistent with national adaptation plans and strategies. The adaptation solutions adopted by the Terna Group are compliant with the criteria set out in the Regulation for maintenance work aimed at managing physical climate risks.

DNSH

For the purpose of verifying compliance with the Do No Significant Harm (DNSH) criteria for activity 4.9 CCA, reference is made to the analyses already carried out in relation to the DNSH requirements applicable to activity 4.9 CCM under the climate change mitigation objective, with the exception of the specific criterion relating to mitigation. This criterion provides that the infrastructure must not be *"dedicated to the creation of a direct connection, or the expansion of an existing direct connection, to a power plant with direct greenhouse gas emissions exceeding 270 g CO_2e/kWh"*. Up to the 2024 financial year, the Terna Group did not consider Activity 4.9 CCA to be aligned with the Taxonomy, as the average emission factor of the grid exceeded the threshold established by the Regulation, according to the latest publicly available document reporting this information: "Terna Confronti Internazionali 2022". With reference to the 2025 financial year, however, the DNSH requirement is considered to be met, as the average emission factor of the Italian electricity grid is currently below the regulatory threshold of 270 g CO_2/kWh. In particular, as highlighted in the document prepared and published by the "Terna Group, 2024 Confronti Internazionali", the level of CO_2 emissions associated with the total gross electricity production of the Italian grid amounts to 257.2 g CO_2/kWh, a value that enables activity 4.9 CCA to be classified as aligned for the purposes of compliance with the DNSH criterion. For the remaining DNSH criteria, reference is made to the analyses conducted to determine the alignment of activity 4.9 CCM.

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ACTIVITY 7.6 CLIMATE CHANGE MITIGATION - Installation, maintenance and repair of renewable energy technologies

Substantial contribution

The activities carried out by Terna S.p.A., Terna Rete Italia S.p.A., Terna Energy Solutions S.r.l. and the Altenia Group are recognised as capable of making a substantial contribution to climate change mitigation, in accordance with criterion (a), relating to the installation, maintenance and repair of solar photovoltaic systems and the ancillary technical equipment. In particular, these activities consist of revamping, repowering and Operation and Maintenance (O&M) interventions on solar photovoltaic plants owned by third parties.

DNSH

With reference to activity 7.6 CCM, the applicable legislation provides that the Do No Significant Harm (DNSH) criteria apply exclusively in relation to the climate change adaptation objective, requiring the assessment of the physical climate risks relevant to the activity concerned. The climate risk assessment carried out by the Terna Group on transmission assets, as described in the Climate Change Disclosure, does not include activity 7.6 CCM. Furthermore, installation, maintenance and repair interventions are performed entirely on assets owned by third parties.
In the absence of the identification of specific physical climate risks associated with activity 7.6 CCM, the Terna Group adopted a prudent approach and therefore classified the activity as eligible for the purposes of the Taxonomy but not aligned with the DNSH criterion established under the Regulation.

ACTIVITY 9.3 CLIMATE CHANGE MITIGATION - Professional services related to the energy performance of buildings

Substantial contribution

The Terna Group, through its subsidiary Avvenia The Energy Innovator S.r.l., performs a range of services that fall within the substantial contribution criterion established for activity 9.3 CCM. The company operates as an Energy Service Company (ESCO), providing specialist advisory services, feasibility analyses and trading activities relating to Energy Efficiency Certificates (EEC, so-called white certificates), thereby contributing to the improvement of the energy performance of the buildings and installations subject to intervention.

DNSH

Similarly, for activity 9.3 CCM, the Taxonomy framework provides that the Do No Significant Harm (DNSH) criteria apply exclusively in relation to the climate change adaptation objective, requiring the assessment of the physical climate risks relevant to the activity concerned. The climate risk assessment carried out by the Terna Group on transmission assets, as described in the Climate Change Disclosure, does not include activity 9.3 CCM. Furthermore, consultancy projects, feasibility analyses and trading activities relating to white certificates refer to assets owned by third parties. In this context, as no specific physical climate risks associated with activity 9.3 CCM have been identified, the Terna Group adopted a prudent approach and therefore classified the activity as eligible for the purposes of the Taxonomy but not aligned with the DNSH criterion established under the Regulation.

Minimum safeguards

In order to verify the alignment of the Terna Group's activities, an assessment was carried out of the adequacy of the controls in place at Group level with respect to the minimum safeguards referred to in article no. 18 of the Regulation. The analysis was based on the main applicable international standards, including the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights, including the principles and rights enshrined in the eight fundamental conventions identified in the International Labour Organization Declaration on

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Fundamental Principles and Rights at Work and in the Universal Declaration of Human Rights. As required by the Commission Communication of June 2023, the methodological framework also took into account the guidance developed at European level with reference to the so-called "principal adverse impact indicators" relating to the management of Board diversity and the Gender Pay Gap.

Taking into consideration the cultural, social and economic diversity of the countries in which the Terna Group operates, the Parent Company requires its subsidiaries to adopt and integrate its Code of Ethics, as well as the applicable policy documents, with standards of conduct consistent with the specific characteristics of their respective activities and operating environments. This approach ensures consistent alignment across the Group with the highest standards in environmental protection, safety, and the safeguarding of human and labour rights.

Oversight of the matters underlying the minimum safeguards is ensured through a structured system of prescriptive instruments, such as Group policies and guidelines, as well as organisational and operational instruments, including dedicated governance arrangements, procedures and management, control and monitoring systems. Within this framework, the Terna Group considers that it has adequate controls and governance mechanisms in place to support compliance with article no. 18 of the Regulation, also supported, inter alia, by the following instruments:

- A Code of Ethics, whose principles must be respected in all Group procedures;
- Guidelines on respecting human rights in the Terna Group;
- A due diligence procedure on respecting human rights, followed by any necessary corrective actions;
- Regulations on the qualification of companies, which entails compliance with the principles of the Code of Ethics;
- Effective, public communication on human rights issues;
- A whistleblowing procedure;
- Complaint mechanisms accessible to stakeholders via the Group's website;
- Anticorruption guidelines.

For further details regarding the governance arrangements supporting compliance with the minimum safeguards, reference is made to the section "Remarks on the results and other information — Main risk and uncertainties" of the Report on Operations and to the sections "Social information" and "Governance information" of the Consolidated Sustainability Statement. These sections describe, inter alia, the legal and integrity safeguards in place, anti-corruption measures, the Integrated Management System and the instruments adopted to safeguard human rights.

In parallel, the Terna Group promotes awareness initiatives across all organisational levels aimed at overcoming stereotypes and unconscious biases, as well as policies and welfare measures designed to support work–life balance, protect parenthood, promote the sharing of family and caregiving responsibilities, and remove potential barriers to pay equality.

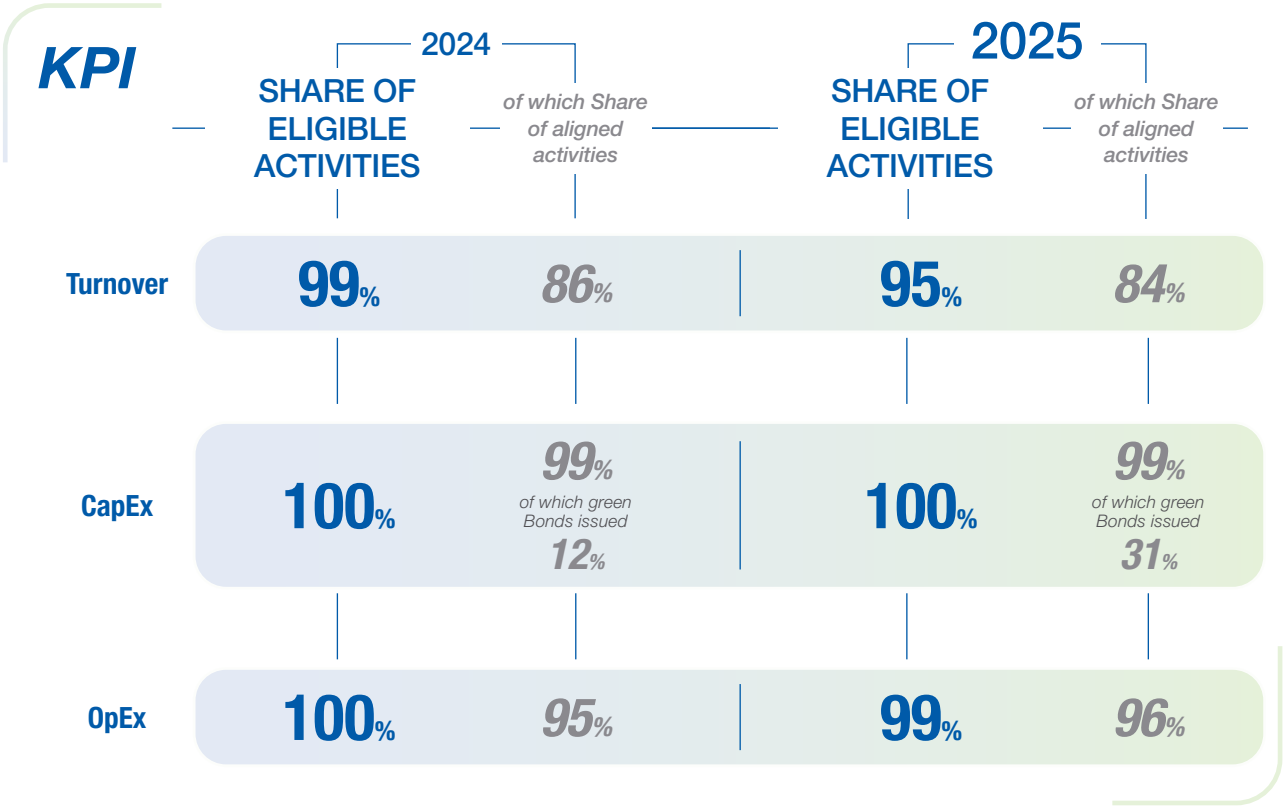
To further strengthen this commitment, the Terna Group has decided to obtain and maintain Gender Equality Certification in accordance with UNI/PdR 125:2022, establishing the "Gender Equality Steering Committee", responsible for ensuring the adoption and continuous implementation of the gender equality policy and for defining the Gender Equality Strategic Plan. In line with these objectives, the Terna Group adopts recruitment processes based on fairness and competence, development programmes and remuneration policies oriented towards equity and performance, with periodic monitoring of related outcomes. The application of equal opportunity principles is also reflected in remuneration policies, with particular attention to the Gender Pay Gap.

Upon completion of the alignment analyses, the Terna Group determined the shares of activities that are eligible and aligned with the Taxonomy for each indicator. In order to avoid double counting in the numerator of the KPIs during the allocation of Turnover, capital expenditure and operating expenditure to the economic activities considered, the KPIs were calculated on the basis of the data reported in the Terna Group's consolidated financial statements.

The table below presents, for the 2025 financial year, the three KPIs of the Terna Group, distinguishing between eligible ("taxonomy-eligible") and non-eligible ("taxonomy non eligible") activities, as well as between aligned and non-aligned activities.

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To summarise the results of the above assessments, the figures for eligibility and alignment are shown below for the current and previous years, for the three KPIs required by the Regulation **with reference to the climate change mitigation objective alone**.



Proportion of Turnover, capital expenditure (CapEx) and operating expenditure (OpEx) from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities — disclosure covering year 2025 (summary KPI — data in € million)

KPI	TOTAL	PROPORTION OF TAXONOMY-ELIGIBLE ACTIVITIES	TAXONOMY-ALIGNED ACTIVITIES	PROPORTION OF TAXONOMY-ALIGNED ACTIVITIES	BREAKDOWN BY ENVIRONMENTAL OBJECTIVE OF TAXONOMY-ALIGNED ACTIVITIES						PROPORTION OF ENABLING ACTIVITIES	PROPORTION OF TRANSITIONAL ACTIVITIES	NOT ASSESSED ACTIVITIES CONSIDERED NON MATERIAL	TAXONOMY-ALIGNED ACTIVITIES IN THE PREVIOUS FINANCIAL YEAR (2024)	PROPORTION OF TAXONOMY-ALIGNED ACTIVITIES IN THE PREVIOUS FINANCIAL YEAR (2024)
					CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	CIRCULAR ECONOMY	POLLUTION	BIODIVERSITY					
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
TEXT	CURRENCY	%	CURRENCY	%	%	%	%	%	%	%	%	%	%	CURRENCY	%
Turnover	4,016	95%	3,378	84%	84%	0%	0%	0%	0%	0%	84%	0%	0%	3,160	86%
CapEx	3,515	100%	3,479	99%	99%	0%	0%	0%	0%	0%	99%	0%	0%	2,673	99%
OpEx	139	99%	133	96%	96%	0%	0%	0%	0%	0%	96%	0%	0%	150	95%

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Proportion of Turnover from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities — disclosure covering year 2025 (activity breakdown — data in € million)

ECONOMIC ACTIVITIES	CODE	TAXONOMY ELIGIBLE KPI (PROPORTION OF TAXONOMY-ELIGIBLE TURNOVER)	TAXONOMY-ALIGNED ACTIVITIES	TAXONOMY-ALIGNED KPI (PROPORTION OF TAXONOMY-ALIGNED TURNOVER)	ENVIRONMENTAL OBJECTIVE OF TAXONOMY-ALIGNED ACTIVITIES						ENABLING ACTIVITY	TRANSITIONAL ACTIVITY	PROPORTION OF TAXONOMY ALIGNED IN TAXONOMY ELIGIBLE
					CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	CIRCULAR ECONOMY	POLLUTION	BIODIVERSITY			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
TEXT		%	CURRENCY	%	%	%	%	%	%	%	(E WHERE APPLICABLE)	(T WHERE APPLICABLE)	%
Transmission and distribution of electricity	CCM 4.9	84%	3,378	84%	84%	0%	0%	0%	0%	0%	E		100%
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	7%	0	0%	0%	0%	0%	0%	0%	0%	E		0%
Electricity generation using solar photovoltaic technology	CCM 4.1	4%	0	0%	0%	0%	0%	0%	0%	0%			0%
Installation, maintenance and repair of renewable energy technologies.	CCM 7.6	0%	0	0%	0%	0%	0%	0%	0%	0%	E		0%
Professional services related to the energy performance of buildings	CCM 9.3	0%	0	0%	0%	0%	0%	0%	0%	0%	E		0%
Sum of alignment per objective					84%	0%	0%	0%	0%	0%			
Total KPI (Turnover)		95%	3,378	84%	84%	0%	0%	0%	0%	0%	84%	0%	88%

It should be noted that, notwithstanding the designation of **activity 4.1 CCM**, the Terna Group does not carry out electricity generation activities. Eligibility arises exclusively from the fact that **the installation, maintenance and repair of renewable energy technologies relating to third-party installations not located on buildings** are attributable to this Taxonomy activity, a category under which the activities performed by the Altenia Group fall.

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Proportion of CapEx from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities - disclosure covering year 2025 (activity breakdown - data in € million)

ECONOMIC ACTIVITIES	CODE	TAXONOMY-ELIGIBLE KPI (PROPORTION OF TAXONOMY-ELIGIBLE CAPEX)	TAXONOMY-ALIGNED KPI (MONETARY VALUE OF CAPEX)	TAXONOMY-ALIGNED KPI (PROPORTION OF TAXONOMY-ALIGNED CAPEX)	ENVIRONMENTAL OBJECTIVE OF TAXONOMY-ALIGNED ACTIVITIES						ENABLING ACTIVITY	TRANSITIONAL ACTIVITY	PROPORTION OF TAXONOMY ALIGNED IN TAXONOMY ELIGIBLE
					CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	CIRCULAR ECONOMY	POLLUTION	BIODIVERSITY			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
TEXT		%	CURRENCY	%	%	%	%	%	%	%	(E WHERE APPLICABLE)	(T WHERE APPLICABLE)	%
Transmission and distribution of electricity	CCM 4.9	99%	3,479	99%	99%	7%	0%	0%	0%	0%	E		100%
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	0%	0	0%	0%	0%	0%	0%	0%	0%	E		0%
Electricity generation using solar photovoltaic technology	CCM 4.1	0%	0	0%	0%	0%	0%	0%	0%	0%			0%
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	0%	0	0%	0%	0%	0%	0%	0%	0%		T	0%
Installation, maintenance and repair of renewable energy technologies.	CCM 7.6	0%	0	0%	0%	0%	0%	0%	0%	0%	E		0%
Professional services related to the energy performance of buildings	CCM 9.3	0%	0	0%	0%	0%	0%	0%	0%	0%	E		0%
Sum of alignment per objective					99%	7%	0%	0%	0%	0%			
Total KPI (CapEx)		100%	3,479	99%	99%	0%	0%	0%	0%	0%	99%	0%	99%

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Proportion of Opex from products or services associated with Taxonomy-eligible or Taxonomy-aligned economic activities - disclosure covering year 2025 (activity breakdown - data in € million)

ECONOMIC ACTIVITIES	CODE	TAXONOMY-ELIGIBLE KPI (PROPORTION OF TAXONOMY-ELIGIBLE OPEX)	TAXONOMY-ALIGNED KPI (MONETARY VALUE OF OPEX)	TAXONOMY-ALIGNED KPI (PROPORTION OF TAXONOMY-ALIGNED OPEX)	ENVIRONMENTAL OBJECTIVE OF TAXONOMY-ALIGNED ACTIVITIES						ENABLING ACTIVITY	TRANSITIONAL ACTIVITY	PROPORTION OF TAXONOMY ALIGNED IN TAXONOMY ELIGIBLE
					CLIMATE CHANGE MITIGATION	CLIMATE CHANGE ADAPTATION	WATER	CIRCULAR ECONOMY	POLLUTION	BIODIVERSITY			
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
TEXT		%	CURRENCY	%	%	%	%	%	%	%	(E WHERE APPLICABLE)	(T WHERE APPLICABLE)	%
Transmission and distribution of electricity	CCM 4.9	96%	133	96%	96%	0%	0%	0%	0%	0%	E		100%
Manufacture, installation, and servicing of high, medium and low voltage electrical equipment for electrical transmission and distribution that result in or enable a substantial contribution to climate change mitigation	CCM 3.20	3%	0	0%	0%	0%	0%	0%	0%	0%	E		0%
Electricity generation using solar photovoltaic technology	CCM 4.1	0%	0	0%	0%	0%	0%	0%	0%	0%			0%
Installation, maintenance and repair of renewable energy technologies.	CCM 7.6	0%	0	0%	0%	0%	0%	0%	0%	0%	E		0%
Professional services related to the energy performance of buildings	CCM 9.3	0%	0	0%	0%	0%	0%	0%	0%	0%	E		0%
Sum of alignment per objective					96%	0%	0%	0%	0%	0%			
Total KPI (OpEx)		99%	133	96%	96%	0%	0%	0%	0%	0%	96%	0%	97%

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Accounting standards and contextual information

The accounting policy, namely the method for calculating the shares of revenue, CapEx and OpEx associated with the eligible and aligned activities identified by the Group, is based on the provisions of Annex 1 of Delegated Regulation 2178/2021.

For the purpose of allocating Turnover, CapEx and OpEx to eligible and aligned activities, the Terna Group defined a clear and traceable methodology designed to meet both quantitative and qualitative disclosure requirements. Specifically, the Group has reconstructed the indicators using data from the general, industrial and regulatory accounts.

Details of the methodology used to calculate the individual indicators are as follows.

To calculate the share of **Turnover**, the numerator is taken to be the consolidated net revenue generated by the sale of products or services, including intangibles, associated with Taxonomy eligible and aligned economic activities, and the denominator is taken to be total net revenue (based on the criteria set out in point 1.1.1 of Annex 1 to Delegated Regulation 2178/2021). Net revenue has been identified by using data from the Consolidated financial statements prepared in accordance with international accounting standards and with reference to the provisions of IAS 1, paragraph 82(a), to the extent directly attributable to the sale of goods and/or provision of services. None of the figures in the reported amounts relate to economic activities included in the Taxonomy carried out for the Group's internal consumption.

To calculate the share of **CapEx**, the numerator is taken to be capital expenditure recognised as assets in the Consolidated balance sheet and associated with eligible and aligned activities, as defined according to the criteria set out in point 1.1.2.2. of Annex 1 of Delegated Regulation 2178/2021. The denominator is taken to be total capital expenditure, quantified in accordance with the criteria set out in point 1.1.2.1 of Annex 1 of Delegated Regulation 2178/2021. Specifically, the denominator comprises additions to tangible and intangible assets for the period before depreciation and amortisation, impairment losses and any revaluations, including those arising restatements and impairments, and excluding changes in fair value.

To calculate the share of **OpEx**, the numerator is taken to be operating expenditure recognised in the Consolidated financial statements and associated with eligible and aligned activities, as defined according to the criteria set out in point 1.1.3.2. of Annex 1 of Delegated Regulation 2178/2021. The denominator is taken to be total operating expenditure, quantified in accordance with the criteria set out in point 1.1.3.1 of Annex 1 of Delegated Regulation 2178/2021. The latter includes direct non-capitalised costs relating to: research and development; building renovation measures; short-term rentals; and maintenance and repair, as well as any other direct expenditure relating to the day-to-day maintenance of property, plant and equipment, carried out either by the company or by third parties to whom these tasks are outsourced, as needed to ensure the continuous and efficient operation of these assets.

Lastly, it should be noted that the Group, as indicated in the Green Bond Report, has issued so-called "green" bonds over the years to finance activities aligned with the EU Taxonomy. In this context, in 2025 green bonds financed an amount corresponding to 31% of CapEx aligned with the EU Taxonomy.

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Climate change [ESRS E1]

Strategy

E1-1

THE TERNA GROUP'S DECARBONISATION PATHWAY

As Italy's national grid operator, Terna plays a central role in Italy's energy transition process. Its sustainability and decarbonisation strategy is not only required by global climate change objectives and Italy's international commitments; indeed, it marks a strategic choice that responds to a long-term vision, in which the electricity system becomes the main driver of energy transformation. The Group has always operated with the aim of ensuring a safe, reliable and efficient electricity system, while reducing its environmental impact and actively contributing to combat climate change.

Over the years, the Terna Group has adopted a series of concrete initiatives and strategic investments aimed at promoting environmental sustainability, ensuring efficient grid management and facilitating the integration of renewable energy into the system. Through the development of advanced technologies, the digitalisation of infrastructure and the adoption of increasingly innovative operating models, the Group is committed to reducing its greenhouse gas emissions while simultaneously contributing to the decarbonisation of the entire national electricity system. The **Terna Group's sustainability strategy** is built on solid foundations, based on a thorough understanding of its strategic role and its responsibility towards the environment and the community. The Group has invested significant resources in the **modernisation of the transmission grid**, with the objective of **optimising** the capacity to **integrate renewable energy sources and reducing grid losses**, two key factors for achieving national and European climate targets. The Terna Group has also developed, and continues to develop, innovative tools for smart grid management, leveraging the potential of **new digital technologies** and **automation solutions** to enhance operational efficiency and strengthen the resilience of the electricity system. The adoption of sophisticated real-time monitoring and control systems optimises management of the energy flow, promoting a more effective use of available renewable sources and reducing the need for more polluting energy sources. These initiatives have contributed, and continue to contribute, to the progressive **improvement** of the **national electricity generation mix** and the related **CO_2 emission factor**. At company level, this trend is reflected in the steady reduction of emissions associated with grid losses, which account for more than 90% of the Group's total Scope 1 and Scope 2 emissions and evolve in line with the national emission factor. Given that such emissions are equal to the product of grid losses and the national emission factor, a progressive reduction of the emission factor towards zero - driven by the increasing integration of renewable energy sources - will correspondingly lead to grid loss-related emissions approaching zero.

As further evidence of its commitment to addressing climate change, the Terna Group has adopted **targets** for the **reduction** of its **Scope 1** and **Scope 2** emissions consistent with the trajectory of the Paris Agreement, as well as a target for the reduction of its **Scope 3 emissions**. All targets have been validated and **certified** by the **Science Based Targets initiative (SBTi)**, an internationally recognised framework that supports the definition of emission reduction targets aligned with the latest climate science. With respect to the Scope 3 emission reduction target, the Group is currently adjusting the scope of the target to bring it in line with the applicable legislation.

Among the main initiatives implemented by the Terna Group to achieve these objectives are, first and foremost, the aforementioned investments aimed at integrating renewable energy sources into the Italian electricity system and digitalising grid infrastructure, as well as the optimisation of operational processes through the adoption of more efficient and sustainable technologies and the improvement of the energy efficiency of its facilities.

With a view to continuously increasing its level of ambition in addressing climate change, on the occasion of the publication of the **2024-2028 Industrial Plan Update** in March 2025, the Terna Group formally announced its **commitment to the Science Based Targets initiative** to **define** a **net zero target** within two years.

A key element of the Terna Group's sustainability strategy is represented by the **National Electricity Grid Development Plan**, a strategic document that guides investments aimed at modernising and strengthening the country's electricity infrastructure. This plan, which is drawn up in collaboration with the Ministry of the Environment and Energy Security,

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plays a central role in Italy's energy transition process, as it ensures the security and reliability of the electricity system in a context characterised by the growing penetration of renewable sources. One of the main goals of the Development Plan is to help achieve the **European target of a 55% reduction in greenhouse gas emissions by 2030**. This is an ambitious goal that requires the joint commitment from all energy actors. To this end, Terna is investing in a series of strategic projects, which include **strengthening the interconnections** with neighbouring countries to improve the security and flexibility of the electricity system, **integrating the increasing renewable capacity** through the development of new grid infrastructure and advanced demand management solutions, and digitalising the grid with the implementation of innovative technologies to monitor and control the energy flow. Th erefore, the Development Plan of the national transmission grid is a fundamental tool for the **decarbonisation of the Italian electricity system** and to achieve the climate targets set at national and European level.
In this context, although the Group does not currently have a transition plan for the decarbonisation of its activities (Scope 1, Scope 2 and Scope 3) that fully meets all the requirements set out in the ESRS standards, Terna's Development Plan may be considered the foundation of the transition planning for the Italian energy system, given the direct link between the Plan's investments and the decarbonisation of the country. With regard to the Group's transition planning - while recognising the central role of the Development Plan also in supporting the decarbonisation of the Group (see, in particular, the considerations relating to emissions associated with grid losses) - work is currently underway to develop, in the medium term, a dedicated corporate transition plan that will provide a clear and comprehensive framework of targets and actions underway or planned in line with the Group's sustainability strategy and its commitment to achieving net zero. This plan will represent a further step forward in the Terna Group's sustainability journey, providing a more detailed outline of the strategies, timelines and investments required to achieve net zero and to limit global temperature increase to 1.5°C in line with the ambitions of the Paris Agreement, thereby confirming the Group's role as a leader in the country's energy transition.



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E1 | SBM-3
E1 | IRO-1

Management of climate change-related impacts, risks and opportunities[76]

In light of the particular importance of climate change for the Group, within the Double Materiality assessment process, impacts, risks and opportunities specifically related to this topic are identified and assessed.

With particular reference to the process of identifying impacts, Terna methodically integrated the analysis through an **assessment of its own activities and value chain**. In particular, the Group carried out an in-depth analysis of its operational and strategic activities, assessing both **direct activities** and **indirect** activities relating to the value chain, considering their respective **current sources of greenhouse gas (GHG) emissions** and potential **future** sources. In this regard, the assessment of the Group's climate-related impacts was based on the **quantification of the carbon footprint** measured through the inventory of total GHG emissions, which provides for the reporting of both direct (Scope 1) and indirect (Scope 2 and 3) emissions, in line with the main internationally recognised methodologies (e.g. the GHG Protocol). Continuous monitoring and the adoption of **advanced assessment tools** enable the Group to refine its climate management model, supporting emission **reduction strategies and climate risk mitigation strategies**.

As already noted in the section of the Report on Operations "Commentary on results and other information - Main risk factors and uncertainty", **risk management** is applied throughout the Group according to a structured and systemic approach and includes a **Risk Governance Framework** (framework), embedded within the broader **Internal Control and Risk Management System (ICRMS)**, which defines the roles and responsibilities of the key parties involved. This dynamic process is based on a **three-tier control model** and involves both the Control Functions and the Chief Risk Officer. In this context, the **risks associated with climate change** represent risks that are closely **linked to the Group's operational and strategic environment**; therefore, the process leading to the identification, **assessment and management** of these risks is integrated into the general **corporate risk management process** and into the day-to-day management of business activities (for further details, please refer to the section "The Double Materiality process").

In line with the **recommendations of the Task Force on Climate-related Financial Disclosures**, risks related to climate change were distinguished between physical risks (extreme weather events, long-term climate variations) and transition-related risks (regulatory, technological and market developments):

- **Transition risks:** transitioning to a lower-carbon economy may entail policy and legal risks, due to different regulatory requirements across different geographies, or to new impacts and/or uncertainties resulting from the policies adopted. The transition may also result in technology risk, due to uncertainties surrounding the role of emerging technologies, and market risk, linked to new dynamics, shifts in supply and demand and an increasingly complex market environment, which could expose businesses to reputational risks;
- **Physical risks:** these risks can be event driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks may have financial implications for businesses, such as direct damage to assets and indirect impacts from supply chain disruption.

To identify and assess risks related to the topic in question, the Group adopts an **integrated approach based on scenario analyses**, with the objective of ensuring the security, reliability and resilience of the National Transmission Grid (NTG). The assessment process considers both physical risks associated with weather-related events, whether extreme or non-extreme, as well as transition risks arising from the evolution of the energy system.

As part of the identification and assessment of physical climate-related risks, the Group, starting in 2020, equipped itself with a tool called the **Resilience Methodology**, whose **forward-looking nature** in monitoring the evolution and impact of the climate in the coming decades, as well as the **probabilistic** nature necessary to assess multiple failures and contingencies and the consequent risk of energy not being supplied

[76] Consistent with the findings of the updated Double Materiality Assessment, the relevance of this topic for the Terna Group is primarily linked to the presence of extensive and geographically widespread electricity infrastructure, which may be exposed to extreme weather events (for example, snow accumulation on overhead lines). Therefore, information relating to "Climate Change Adaptation" is considered material and is presented only for activities related to electricity Transmission and Dispatching. With reference to the Group's other businesses operating on confined production sites and without the development of geographically widespread infrastructure, such as the Brugg Cables Group, the Tamini Group and the Altenia Group, these have limited exposure to risks and impacts associated with climate change adaptation.

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on the grid following the occurrence of severe weather events, allow for the implementation of **effective** and **efficient planning of interventions to increase the resilience of the transmission grid**. Over the course of these years, the Resilience Methodology has undergone continuous change and has been refined to consolidate analyses on snow and high-wind weather events, even to include the launch of analyses on weather phenomena related to hydrogeological instability. The analysis of the transmission grid's exposure to weather threats, assessed at the individual span level, combined with the vulnerability of the grid infrastructure allows the identification of critical grid portions at risk of disruption and, following the grid analyses, the plants at risk of outages.

In defining its methodological approach, the Group considered an **RCP 8.5 climate scenario** (Representative Concentration Pathways, RCP, are climate scenarios expressed in terms of greenhouse gas concentrations rather than emission levels). In particular, the RCP 8.5 scenario assumes that no significant measures are taken in favour of climate protection and that, therefore, greenhouse gas emissions will increase continuously throughout the 21st century. The use of this climate scenario responds to a twofold need: on the one hand, in the short/medium term, **this scenario is the most likely one**, since it replicates the current situation in the near future (indeed, by 2030 the various RCP scenarios do not vary significantly from each other); on the other hand, this choice implies a prudential approach by the Terna Group in defining the tools and actions needed to ensure national transmission grid resilience, setting itself the worst-case scenario in order to be able to cope with any level of threat from extreme climate-related events. Other climate models and datasets used to map future climate hazard exposure across corporate assets include the following: **CESM- LENS** (a climate model incorporating 40 climate simulations covering the period 2018-2100); **Euro-CORDEX** (a set of 12 climate models used to produce advanced regional climate change projections up to 2100); **ERA 5** (a meteorological reanalysis dataset covering more than 30 years across multiple weather variables); the **MERIDA** dataset (Meteorological Reanalysis Italian Dataset, developed by RSE S.p.A.).

All initiatives aimed at preventing and/or reducing damage to the electricity grid caused by weather events of increasing intensity and frequency are defined within the National Transmission Grid Resilience Enhancement Plan ("Resilience Plan", updated annually to indicate the investments planned over a five-year time horizon).

The Plan includes preventive infrastructure interventions - assessed using the Resilience Methodology - as well as capital-light initiatives which, also supported by technological innovation, enable the mitigation of impacts and/or the reduction of outages duration following severe weather events.

Terna S.p.A. also publishes the **Annual Adequacy Assessment for Italy** to analyse - over a medium-term and long-term horizon (5 and 10 years, respectively) - the impact of weather variability and climate change on the Italian electricity system (more information below).

With regard to the **identification and assessment of climate-related transition risks and opportunities**, it should be noted that the Terna Group, in defining its development strategy and, consequently, during the preparation of the Development Plan, evaluates the **costs and benefits of transmission grid development projects** based on scenarios developed over a time horizon of 5 to 15 years. The development of these scenarios therefore represents a fundamental component of the Terna Group's business strategy, as they form the basis for defining the development pathways of the national electricity grid and guiding the related investment decisions.

Specifically, Terna S.p.A., together with the gas system operator Snam, prepares the **Scenario Description Document**, a prerequisite for drafting transmission and transportation grid development plans in the electricity and gas sectors at national level. This document was first published in 2019 and is subject to a review process conducted at least every two years. The most recent update dates back to 2024 and is publicly available on the Terna website. The next version, the 2026 Development Plan Document (DDS 2026), will be published in the second half of 2026. The scenarios in the **Scenario Description Document 2024** incorporate the government's latest indications, including the final text of the **Integrated National Energy and Climate Plan (NECP)**, which expresses the objectives of the European **'Fit-for-55'** and **'REPowerEU'** legislative packages at national level. In particular, the NECP sets national objectives for 2030 on energy efficiency, renewable sources and the reduction of CO_2 emissions, as well as objectives for energy security, interconnections, the single energy market and competitiveness, sustainable development and mobility, outlining for each of them the measures that will be implemented to ensure their achievement. In addition, in keeping with previous Scenario Description Documents, Snam and Terna developed scenarios taking into account

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both the NECP policy objectives and the European scenarios developed by ENTSO-E and ENTSOG, the two trade associations - European Network of Transmission System Operators ('ENTSOs') - for electricity and gas.

For the purpose of developing the scenarios, the following information elements are considered in order to define the transition context in which the Terna Group will operate, with reference to the time horizons of 2030, 2035 and 2040:

- assumptions relating to **macroeconomic developments**, including GDP growth trends, demographic dynamics, fuel prices and CO_2 prices across the three reference time horizons;
- the description of existing **energy needs** and **electricity demand** over a time horizon of approximately twenty years, the duration of which is defined in line with the time horizon of the scenarios used in the ENTSOs' Ten Years Network Development Plan (TYNDP);
- the description of the existing and projected **electricity supply** in Italy by source type or fuel, including a dedicated section on the expected evolution of renewable energy sources within the time horizon referred to in the previous point;
- the description of existing and projected **supply and demand** in the **interconnected systems** which are material for the assessments of the Ten-Year Plan in the time horizon referred to in the second point, or appropriate references to the scenarios used in the TYNDP of ENTSO-E, the quantification of the inter-zonal transmission capacities and interconnection capacities assumed in the years under study in the Ten-Year Plan, also in consideration of the interconnection prospects and requests for interconnection through interconnectors and through merchant lines;
- assumptions concerning **electricity exchanges** with systems outside the scope of the study;
- the results of energy planning activities at both community and national level, studies and other analyses that support the assumptions made in the Ten-Year Plan;
- the results of **market simulations on the relevant models** for each scenario and study year, in terms of at least expected electricity exchanges with foreign countries, expected electricity exchanges between material grid zones and generation volumes by type of source or fuel, taking into account the fulfilment of energy needs and the minimum coverage of ancillary services.

Based on these and other elements, the document defines:

- **policy target-achieving scenarios**, which are therefore aligned with the objectives of international scenarios that assume a net zero target by 2050 (such as, for example, the scenarios developed by the International Energy Agency - IEA) and are consequently consistent with the so-called "1.5°C scenario", representing the most ambitious temperature objective established by the Paris Agreement, which recommends limiting global warming to below 1.5°C:
  - for 2030,NECP Policy scenario (consistent with the NECP published in July 2024);
  - for 2035 and 2040 two scenarios in line with those developed at European level by the ENTSOs.
- **contrasting scenarios (developed in order to assess the impact of planned infrastructure on different scenarios as required by current regulation)**:
  - to 2030, 2035 and 2040 a NECP Slow scenario, representing a slower transition (compared to policy scenarios) towards decarbonisation targets.

In the 2030 policy scenario, renewable sources of electricity come to cover 63% of national electricity demand, while green gas comes to cover about 16.4% of gas demand in end use. For 2040, the Scenario Description Document is based on the European scenarios developed by the two network associations, which describe two possible pathways for achieving Carbon Neutrality in 2050 and which Snam and Terna have set out in greater detail for Italy. Therefore, the Distributed Energy Italy (DE-IT) and Global Ambition Italy (GA-IT) scenarios were developed for 2040, which are aligned with the storylines of similar scenarios developed at European level by the ENTSOs.

In the DE-IT scenario, a greater penetration of the energy carrier is expected in all sectors (civil, transport and industry), thus maximising the use of solar and wind power generation, which becomes the main tool for achieving decarbonisation targets by covering 76% of energy needs. Conversely, the GA-IT envisages the decarbonisation of consumption through the increased penetration of hydrogen in all sectors, a different use of technologies and energy carriers in the mobility sectors (electricity, hydrogen, e-liquids and biofuels), and a more significant use of CO^2 capture and storage, both in the hard-to-abate sectors and in thermoelectricity. Finally, the two network operators also developed a NECP Slow

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scenario representing a slower transition (compared to the policy scenarios) towards decarbonisation targets with a delay of a few years in the deployment of technologies impacting the decarbonisation pathway. The development of a contrasting scenario such as NECP Slow serves the regulatory requirements of assessing planned infrastructure in different contexts. These cost-benefit analyses are then reflected in the Development Plan. All the scenarios considered are rooted within the same macroeconomic environment, characterised by sustained GDP growth despite the expected fall in population. These assumptions are consistent with the expected evolution of the macroeconomic and demographic framework reported in the NECP 2024 and developed by the European Commission for all Member States.

The **scenarios described** are the **foundation** on which the **National Transmission Grid (NTG) Development Plan** is prepared, which defines the grid development initiatives planned over the next ten years, as well as the progress of the development works envisaged in previous years. The analysis of electricity flows on the grid, the preparation of demand and supply forecasts, and scenarios based on the increasing production from renewable sources allow Terna to identify growing needs for grid upgrades and, subsequently, to plan the necessary new works.

The measures envisaged in the Development Plan are essential for enabling Italy's energy transition towards a climate-neutral economy; evidence of this is provided by the Group's near-total alignment of CapEx with the climate change mitigation objective (for further information, reference should be made to the section dedicated to the EU Taxonomy in accordance with Commission Delegated Regulation (EU) 2021/2139).

This alignment clearly indicates how the issue of climate change also represents an opportunity for the Terna Group. By virtue of the regulatory framework - which also links the Group's remuneration to the amount of investments made as well as the quality of the service offered - the need for greater investments to adapt the grid to the needs of the energy transition and to increase the physical resilience of the assets, which in turn positively affect the quality of the service, implies an increase in the Group's remuneration and a positive impact, therefore, on the consolidated income statement. In this context, non-regulated activities also



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contribute and will contribute to generate new business opportunities thanks to the development of innovative, digital technological solutions in keeping with the public service role of the Terna Group in supporting the energy transition.

For further details on the categorisation of risks - whether physical or transition risks - related to climate change, reference should be made to the following sections: "Business resilience to climate change" and "Summary of material climate change-related impacts, risks and opportunities".
It should be noted that the climate-related scenarios detailed above form the basis for the considerations made by management with regard to climate change and reported in the notes 'A. Material Accounting Policies and Measurement Criteria - Climate Change', to which reference should be made, of the Consolidated Financial Statements.

BUSINESS RESILIENCE TO CLIMATE CHANGE

Terna has developed an **in-depth analysis of the resilience** of its strategy and business model with respect to climate change, with an approach based on scientific data and advanced climate scenarios, which it updates annually as part of the preparation of its Resilience Plan. As outlined below, all major historical events attributable to physical risks have been analysed. With regard to the key transition-related aspects considered, these are presented within the analyses described in the section "Management of climate change-related impacts, risks and opportunities". At the systemic level, Terna publishes the Annual Adequacy Assessment for Italy to analyse the impact of weather variability and climate change on the Italian electricity system. The element on which the Annual **Adequacy Assessment for Italy** focuses is the **ability of the Italian electricity system**, in the medium- and long-term (5 and 10 years, respectively), **to ensure that the available resources**, understood as the electricity generation plants, imports and storage, are **sufficient to meet** the **hourly electricity demand in each electricity market zone of the country**, while at the same time considering



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the impact of the first effects of climate change on the electricity system. The climate variables adopted in the adequacy assessments are in fact derived on the basis of historical data and appropriately updated to take into account climate change phenomena.
At the operational level, the increase in the frequency of extreme weather events recorded in recent years in Italy makes it necessary to increase the resilience of the transmission grid. In fact, the increasing intensity of severe weather events closely linked to climate change means greater probability of significant damage to the country's infrastructure, including electricity transmission equipment.
Specifically, an **analysis of the historical events in recent years** that have affected the national transmission grid highlights the **main factors causing disruptions**:

- formation of **sleeves of wet snow on the lines**, which weigh them down and cause short circuits or structural failures;
- **strong winds** in particular regarding the consequence of falling plants and trees;
- **floods, landslides, landslips, tornadoes** and other extreme phenomena that may cause short circuits or the collapse of pylons or other structural failures;
- **the increase in pollutant deposits linked to prolonged periods of drought** (such as saline pollution) which cause a greater likelihood of surface discharge;
- **forest fires**, also triggered by high temperatures that can directly affect assets causing failures or requiring them to be taken out of service to facilitate extinguishing activities;

It is therefore crucial for the Terna Group to identify the areas where grid infrastructure is most exposed to such events and to intervene with effective and efficient investments to prevent and mitigate outages. The electricity grid must be able to withstand increasing stresses and, in the event of disruptions, interventions and tools must be put in place to manage the emergency, quickly restoring normal operating conditions.

Supporting the planning process for resilience enhancement measures is, the **Resilience Methodology** (Annex A76 of the Grid Code), which is characterised by **3 key elements**:

- development of **forecast climate scenarios** to identify the areas of the territory most exposed to the effects of severe weather events of various kinds, associating with them their relative likelihood of occurrence;
- **estimating the vulnerability of power line components** to direct and indirect stresses caused by severe weather events, through the determination of specific vulnerability curves defined using real technical-orographic parameters;
- **"n-k" probabilistic approach for the analysis of multiple and simultaneous outages** produced by weather events, in order to be able to quantify the probability of occurrence of such multiple contingencies and assess their impact on the portion of the electricity system exposed to the severe weather event.

More specifically, the **Resilience Methodology** consists of six main steps:

1. **analysis of exposure to severe weather events:** assessment of the likelihood of occurrence of weather phenomena according to predefined intensity thresholds, based on advanced climate models;
2. **infrastructure vulnerability analysis:** assessment of the vulnerability of high-voltage lines to direct and indirect stresses of weather events through the development of specific vulnerability curves;
3. **calculation of the return time of line failure before intervention:** determination of the probability of grid failure in the absence of intervention by combining climate-related data and vulnerability curves;
4. **calculation of the outage return time and the risk of expected energy not-supplied before intervention:** application of a contingency analysis algorithm to quantify the risk of simultaneous outages of several grid elements using a probabilistic approach;

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5. **calculation of the return time of line failure and the risk of expected energy not-supplied after intervention:** assessment of the effectiveness of grid reinforcement interventions in reducing vulnerability to extreme weather events;
6. **calculation of the benefit for increasing resilience:** determination of the improvement of the grid by comparing the expected energy not-supplied before and after the planned measures.

Over the years, the Resilience Methodology - initially developed to assess climate events related to snowfall and strong winds - has undergone continuous development and refinement to incorporate both climate trends and advances in modelling approaches achieved and consolidated within the scientific community, also through collaboration with research organisations such as RSE (*Ricerca sul Sistema Elettrico*) and the Euro-Mediterranean Center on Climate Change Foundation (CMCC), as well as with academic institutions such as the Polytechnic University of Milan. These collaborations are essential to bring together different know-how and expertise in a field - that of modelling weather and climate threats and their effects on infrastructures - where research, innovation and multidisciplinarity are crucial given the particular complexity and structure of the phenomena under study. Furthermore, in collaboration with RSE, development and refinement activities relating to the Resilience Methodology have continued in order to model meteorological and climate-related phenomena associated with hydrogeological instability, including the implementation of an initial pilot case to assess flood risk within the portion of the Po River Basin located in Emilia-Romagna, a region historically exposed to flood events.

Through the application of Resilience Methodology, it is, therefore, possible to implement effective and efficient planning of interventions to increase grid resilience.

In this regard, **measures to increase grid resilience** may be classified into the following four categories:

- **preventive measures**, aimed at increasing grid meshing, improving the reliability and robustness of existing assets, reducing exposure to potentially impactful weather threats or involving the reconstruction of portions of existing infrastructure;
- **mitigation measures** to contain the risks on the electricity system and reduce the damage of the critical event;
- **restoration measures**, aimed at reducing the time to restore service and/or outages following the occurrence of adverse weather events impacting the electricity system. This category includes all measures to reduce the time of disruption and return the electricity system to normal operation;
- **monitoring actions** to support both preventive and restoration activities.

These measures are described, on an annual basis, in the **Resilience Plan**, a transversal corporate plan that **defines** all **initiatives aimed at preventing and/or reducing damage to the electricity grid** caused by increasingly severe weather events in terms of intensity and frequency. As outlined above, the resilience analysis is continuously evolving and, for this reason, further assessments are currently underway, including, for example, the analyses of meteorological and climate-related phenomena referred to previously. What has been described so far and set out below is the basis for the development of this plan, which is aimed at ensuring the resilience and security of the Terna Group's infrastructure, as well as reliable and uninterrupted service. In particular, the Resilience Plan includes preventive infrastructure measures aimed at increasing resilience to snow and wind events, identified through the Resilience Methodology, as well as measures included in the Development Plan and/or in the Connections Annex which, when assessed using the new methodology, are capable of reducing the risk of power supply outages associated with such events. Among the infrastructure measures, the **innovative solution** of the **Pole-Mounted Switching Devices**, is also confirmed, a **technology developed within the Group** and **patented**, which consists of equipping lattice pylon structures forming part of the NTG lines with switching systems, thereby increasing the resilience and operational flexibility of weakly meshed grid sections, while also representing a solution with reduced visual and environmental impact. Preventive measures, again related to resilience, also include actions related to the **'Renewal Plan'**, such as reinforcing power lines and cutting down plants and trees, to prevent disruptions related to tree interference on power lines following, for example, high-wind events. Furthermore, the Resilience Plan includes all initiatives related to the **Security Plan** (of which it constitutes an annex) aimed at mitigating the impacts on the grid caused in particular by snow events, such as the installation of anti-rotation devices and the adoption of technological solutions and tools for grid monitoring, with the objective of preventing severe events and enabling a faster restoration of service.

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Finally, the Resilience Plan also includes initiatives to increase resilience for other types of events such as saline and air pollution and fire risk. These are also included in the Security Plan. Furthermore, the 2025 Resilience Plan, within its portfolio of initiatives aimed at strengthening the resilience of the National Transmission Grid (NTG) through digitalisation, also provides for the use of Internet of Things (IoT) techniques designed to enable the widespread collection of asset-related data which, together with advanced computational algorithms, ensure the optimal and resilient operation of the electricity system.
In addition, investments supporting the safety and resilience of the National Transmission Grid (NTG) are complemented by public funding under the National Recovery and Resilience Plan (NRRP) and its subsequent revision through the REPowerEU chapter. In this context, the Terna Group has been awarded 169 million euro under the NRRP and 140 million euro under REPowerEU, with the objective of increasing the resilience of 1,500 km of NTG lines to severe climate events and, at the same time, advancing the digitalisation of the grid to ensure safe and resilient system operations.
It should be noted that the Resilience Plan is an annex to the broader Defence Plan for the Security of the National Electricity System (Security Plan) that Terna prepares annually.

One of the strategic priorities of the **Security Plan 2025** concerns **strengthening grid resilience** in response to the increasing frequency and severity of extreme weather events. Through preventive, restoration and monitoring initiatives, also supported by digitalisation, these actions aim to ensure progressively higher standards of electricity service continuity. For further information on the Security Plan, reference should be made to the section “Operating performance of the Terna Group - Regulated Activities - Security and Resilience Plan”.

SUMMARY OF MATERIAL CLIMATE-RELATED IMPACTS, RISKS AND OPPORTUNITIES

IMPACTS, RISKS AND OPPORTUNITIES	REFERENCE SUB-TOPIC
Positive impacts	
Reducing the country's greenhouse gas emissions also through the increased integration of Renewable Energy Source (RES) based power plants	Climate change mitigation
Negative impacts	
Lack of service continuity as a result of ordinary weather events	Climate change adaptation
CO_2 emissions caused by the Group's activities (e.g. leakage from SF6 gas into the atmosphere due to sealing defects, during breakdowns or pressure restoration operations; increased grid losses)	Climate change mitigation
Group energy consumption	Energy
Risks	
Physical risk: Increased severity of weather events leading to business/service interruptions/damage to assets	Climate change adaptation
Physical risk / Transition risk: Delays in the realisation of works, particularly large ones	Climate change mitigation
Transition risk: Deterioration in service quality due to inadequate production mix	
Opportunity	
Increase in regulated revenues driven by higher investment to improve asset physical resilience	Climate change adaptation
Increase in the transmission of electricity from renewable energy sources, with access to potential interzonal incentive mechanisms (related to the increase in transmission capacity between zones)	Climate change mitigation
Increase in investments to adapt the grid to the requirements of the energy transition and the resulting growth in expected tariff revenues.	
Expansion of business due to increasing demand for production from renewable energy sources in order to carry out the energy transition process	
Increased attractiveness in financial markets due to the carbon footprint reduction strategy	

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MDR-P
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POLICIES RELATED TO CLIMATE CHANGE

The Terna Group, recognising the need to ensure a structured and continuous oversight of the topics identified through the Double Materiality Assessment, has established a comprehensive system of policies to support the management of impacts, risks and opportunities. These policies, defined in compliance with applicable regulations and relevant best practices and periodically updated in response to evolving external conditions and insights arising from stakeholder engagement activities, are summarised in the dedicated section "Terna Group's policies for the management of impacts, risks and opportunities", within the "General disclosures" section.

The information set out below provides details contained in these policies that are directly related to the material topic addressed.

Terna Group's Integrated Management System Policy

In order to identify, assess, manage and/or remediate its material climate change-related impacts, risks and opportunities, the Terna Group adopts the Terna Group Integrated Management System Policy[77]. From an integrated perspective of its operations, the Group takes the Sustainable Development Goals (SDGs) as a core value reference, including Goal 13 - Climate Action, given their close alignment with its mission and with its strategic objective of developing a new carbon-free model based on the use of energy from renewable sources.
In particular, through this policy, the Group intends to comply with the requirements of the **Environmental Management System pursuant to UNI EN ISO 14001:2015**. In particular, the Terna Group undertakes to:

- acknowledge the global materiality of climate change and the need to combat it by limiting CO_2 emissions. Although it is not involved in electricity generation and in emission trading schemes, the Group is committed to reducing its direct and indirect emissions, while respecting the required security, continuity and cost-effectiveness of the electricity service. Include an assessment of the effects on CO_2 emissions in the data of planned investments, highlighting the positive impact on the system. To this end, it formally adopted a Science Based Target (SBT);
- check the appropriateness of the context in which the Terna Group operates;
- develop the grid as the main enabler for the decarbonisation of the entire National Energy System;
- prepare a periodic assessment of the compliance obligations applicable to the Terna Group;
- prepare a periodic assessment of the risks/opportunities and environmental impacts of its activities and related risks, seeking solutions to minimise any negative effects of its activities on the environment, considering the entire life cycle of its works;
- monitors company accidents (with and without injury) in order to ensure their control, identify critical issues and related corrective/training actions in order to minimise their impact on the Environment;
- check, via targeted inspections, the environmental protection actions carried out by the relevant organisational structures;
- promote collaboration with the Competent Authorities (ARPA, ISPRA, etc.) in order to establish an effective communication channel (input/output) to continuously improve environmental protection performance;
- implement transparent communication of its environmental activities.

With reference to the guidelines established for the governance of the **Energy Management System**, in compliance with **UNI CEI EN ISO/IEC 50001:2018**, and in response to the impacts identified following the Double Materiality Assessment, the Terna Group is committed to:

- implement the Energy Management System, proposing energy efficiency initiatives, in accordance with the indications of the energy manager;
- focus on energy saving and efficiency right from the procurement of the company's external resources by considering these aspects when defining the technical specifications for the purchase of machinery, equipment, raw materials and services;

[77] For further information on the "Terna Group's Integrated Management System Policy", reference should be made to the section "Terna Group's policies for the management of impacts, risks and opportunities" within the "General disclosures" section.

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- apply efficiency principles to all energy aspects involving the Group companies, such as the use of office machinery, lighting, cooling and heating systems and processing methods;
- encourage the use of products (e.g., PCs and printers) with eco-design and a certified energy footprint (with product labels);
- promote the compatible and efficient use of means of transport to achieve minimum consumption targets for their vehicles;
- monitor and control the energy consumption of sites and facilities, encouraging the implementation of the actions necessary to improve the energy performance of the sites and the related energy efficiency class;
- plan work activities with a view to energy efficiency, where possible and in any case guaranteeing the continuity of processes;
- raise awareness among all employees, suppliers and contractors using the most appropriate means.

The principles set out in the Integrated Policy are disseminated among employees through internal training initiatives, and among stakeholders by making the document available on the institutional website. The same principles are also periodically updated in accordance with the applicable best practices and the evidence emerging from stakeholder engagement activities in relation to, inter alia, the process and results of the Double Materiality Assessment.

Furthermore, the Group is committed to a new carbon-free model based on the use of energy from renewable sources which entails the increase and digitalisation of infrastructure and the use of innovative and environmentally friendly technologies, and the creation of partnerships.

Sustainability policy

Alongside the Integrated Policy, the Group adopts a Sustainability Policy[78], recognising that the construction, maintenance and presence of electricity infrastructure generate impacts on the environment in which they operate. The Policy also emphasises the importance of resilience in ensuring the quality, continuity, cost-efficiency and adequacy of the electricity system, including from the perspective of climate change adaptation. In particular, with reference to the reduction of greenhouse gas emissions into the atmosphere, the Terna Group is committed to:

- progressively integrate renewable sources of energy;
- engage in voluntary programmes mainly to contain the impact of SF_6 gas leakage, which accounts for the largest share of direct CO_2 emissions from the Group's operations;
- achieve the objectives of the European Green Deal and NECP through targeted investments in the NTG as part of its development strategy;
- issue green bonds to finance or refinance eligible green projects;
- monitor its greenhouse gas emissions by adopting a Science Based Target, although these emissions are modest given the nature of its business (which does not involve electricity generation).

The Terna Group is committed to promoting awareness of this Policy among its employees and to ensuring public disclosure to all relevant stakeholders through instruments such as its Sustainability Report and the corporate website of the parent company, Terna S.p.A.. The Sustainability Policy is communicated and made available to all relevant stakeholders through appropriate communication channels, in addition to the corporate website, with the aim of further disseminating and promoting a culture of sustainability.

The Policy is periodically updated in accordance with regulatory requirements, changes in the reference context and the results of stakeholder engagement activities (also with respect to the process and results of the Double Materiality Assessment).

[78] For further information on the Sustainability Policy, reference should be made to the section "Terna Group's policies for the management of impacts, risks and opportunities" within the "General disclosures" section.

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CLIMATE CHANGE-RELATED ACTIONS

As part of its operations the Terna Group implements a series of actions that prevent, mitigate, correct or improve impacts, and remediate them if they occur, and address risks and generate material opportunities related to climate change, in line with the principles and objectives of the policies adopted and described earlier. Based on the material topic under consideration, the actions implemented during the 2025 reporting period are described below.
The Terna Group's ability to carry out actions in relation to climate change depends on the availability of resources, including financial ones, which are taken into account when defining the Industrial Plan; in addition, the Group's ability to access diversified sources of capital at competitive conditions that also take ESG criteria into consideration also plays a strategic role.

Climate change adaptation

Implementation of measures to enhance resilience

With the objective of adapting operational activities to climate change, the Group has prepared, as previously described, the **2025 Resilience Plan**, annexed to the 2025 Security Plan. This plan constitutes a cross-functional annual corporate programme that defines all initiatives aimed at preventing and/or reducing damage to the electricity grid caused by weather events of increasing intensity and frequency, and includes both preventive infrastructure measures, assessed using the Resilience Methodology, and mitigation, restoration and monitoring actions.

With respect to **preventive measures**, which are aimed at **increasing** the **grid interconnection**, the Resilience Plan confirms the completion and progress of activities mainly related to:

- the construction of new substations and/or new lines, which increase the grid interconnection and the redundancy of the supply of users connected to the NTG;
- the installation of OMP - Pole-Mounted Switching Devices, a technology designed to ensure operational flexibility and grid reliability;
- the refurbishment of power lines, strengthening the mechanical characteristics of the lines and increasing the reliability of the infrastructure;
- the partial undergrounding of existing assets in order to increase technological diversification and ensure the secure and resilient operation of the grid and its connected facilities.

The other projects achieved and/or pursued in the Resilience Plan mainly include:

- the installation of anti-rotation devices, devices that increase the conductor's core strength and hinder rotation, preventing and/or mitigating the formation and growth of the snow sleeve and the resulting possibility of conductor breakage;
- the installation of substation monitoring systems to provide real-time information on electricity events and parameters, in order to prevent possible outages and/or reduce the time of outages on the grid, even for severe weather events;
- the implementation of a line monitoring system which uses weather and mechanical sensors and which, thanks to technological innovation, provides real-time information on the condition of the lines and the surrounding environment and on the events occurred, in order to organise preventive measures or speed up the time it takes to resolve outages;
- the installation of safeguards and/or devices to remotely secure lines and reduce work timeframes, while ensuring a faster resumption of the grid operation.

The implementation of the measures planned each year under the Resilience Plan therefore enables the Terna Group to effectively adapt its core business, primarily related to regulated activities, to the impacts arising from climate change.

The capital expenditure made by the Terna Group in 2025 in connection with the Resilience Plan amounted to €232.3 million (including capitalised financial expenses). It was recognised under the consolidated financial statements items "Property, plant and equipment" and "Intangible assets". Under the EU Taxonomy, they are entirely allocated to activity 4.9, KPI CapEx both eligible and aligned. The related future capital expenditure is aligned with the amounts of the Regulated Activities provided for in the 2024-2028 Industrial Plan Update to which reference should be made.

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Climate change mitigation and energy

As described in the section "Terna Group's decarbonisation process", in 2025, the Group implemented various actions to reduce its impact in terms of GHG Scope 1 and Scope 2 emissions. The actions described in relation to climate change mitigation are broken down by decarbonisation levers in order to provide a more specific picture of the Group's commitment to this topic. Thanks to these initiatives, Scope 1 and Scope 2 emissions in 2025 amounted to 1,256,806.5 tonnes of CO_2e, down 31% from 2019, the Group's science-based target year.

SF_6 gas management

Direct greenhouse gas emissions associated with the Terna Group's activities primarily arise from SF_6 gas leakages (accounting for more than 80% of total direct emissions in 2025). SF_6 (sulphur hexafluoride) gas is used as insulation in certain electrical equipment (circuit breakers, current transformers and armoured equipment). Part of the gas in the equipment can leak into the atmosphere due to defective seals, when faults occur, and also sometimes during the re-pressuring process. SF_6 gas has a very powerful greenhouse effect, which is 24,300 times greater than CO_2: leakage into the atmosphere of 1 kg of SF_6 is equivalent to 24.3 tonnes of CO_2.
The quantity of SF_6 installed within the Group's assets has increased significantly over time. This trend is linked to the superior insulating performance of the gas, the reduced



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footprint of substations constructed using gas-insulated equipment containing SF_6 compared with more traditional solutions - a particularly relevant factor in a country such as Italy, characterised by high landscape value and high population density - and the need to expand the transmission grid to support the integration of renewable energy sources.

From a regulatory perspective, European Union Regulation 2024/573, which entered into force on 11 March 2024, establishes a more stringent legislative framework for the progressive reduction of fluorinated greenhouse gases (f-gases) in the electricity sector, including SF_6. The Regulation provides for the gradual phase-out of equipment using f-gases, starting from 2026 and to be completed by 2036, according to differentiated timelines based on voltage levels and allowing for possible derogations in cases where compliant technological solutions are not sufficiently available on the market. The Regulation also introduces specific requirements concerning the recovery and recycling of fluorinated gases. From 2035 onwards, the use of virgin SF_6 for the maintenance or servicing of electrical switching equipment will be prohibited, and only regenerated or recycled gases may be used, except in cases of demonstrated technical unavailability or emergency situations.

In response, the Group is actively engaged in the development and assessment of **new insulation** and **switching solutions** that make use of **alternatives to SF_6**. Since 2022, a new connection standard has been introduced based on a new voltage level of 36 kV nominal, enabling more efficient connection of renewable generation facilities with capacities of up to 100 MW. The strength of this new voltage level lies in the possibility of using alternative technologies to the SF_6 gas, which already exist and are mature, as an insulating and current-breaking tool, even though they take up more space. Terna has opted for air-insulation and vacuum interruption as the essential technical specification for prefabricated metal-case equipment (panels) to be used for this voltage level. From 2024 onwards, the first SF_6-free equipment for voltage levels up to 145 kV (including circuit breakers and current transformers) are being tested and, following completion of the required certification processes, initial pilot installations will be carried out.
With regard to SF_6 gas regeneration activities, since 2020 the Group has been engaged in the "Closed Cycle Management of SF_6" project, which focuses on the management of the entire lifecycle of the gas during routine and extraordinary maintenance operations on installations, in collaboration with a company specialised in the closed-loop management of regenerated SF_6 gas. The action covers the entire lifecycle of SF_6 gas within grid management, addressing: the procurement of regenerated SF_6 in place of virgin gas, thereby reducing the need for new production and the associated emissions (upstream value chain); the treatment of decommissioned SF_6 gas, which was previously disposed of through thermal destruction (with related emissions) and which, under the project, is now directed to regeneration processes and reintroduced into the operational cycle (downstream value chain). Furthermore, in order to promote the use of regenerated gas, an incentive criterion has been introduced in procurement tenders for equipment containing SF_6, favouring the supply of new equipment filled with regenerated rather than virgin gas. For further information on this topic, reference should be made to the section dedicated to the promotion of the circular economy.

With regard to the management of the gas currently installed, the Group remains continuously committed to identifying solutions capable of reducing SF_6 leakages. Firstly, through continuous monitoring of such leakages and through the maintenance and replacement of equipment using SF_6. In particular, since 2024 a dedicated Action Plan has been launched, providing for short-term measures aimed at the prompt resolution of SF_6 gas leakages and medium to long-term actions designed to structurally reduce emissions. Key initiatives under the Action Plan include the introduction of monthly monitoring of SF_6 leakages through dashboard-based reporting, enabling the timely identification of abnormal leakages and the prompt implementation of corrective actions, as well as the update of equipment renewal and replacement policies based on SF_6 leakage performance to improve effectiveness. Alongside these activities, in 2024 a pilot project aimed at containing SF_6 leakages - named "SF_6 Hexatrap" - was initiated at the Ceprano GIS plant and is monitored within the Circular Economy Roadmap and the Sustainability Plan. The solution, first installed in May 2025, is designed for GIS (Gas-Insulated Substation) installations and consists of a custom-designed metal enclosure fitted to a specific flange, ensuring sealing performance through dedicated gaskets and/or the use of resins. Ongoing monitoring, carried out through weekly analysis of gas refill volumes and quarterly thermographic inspections,— has confirmed the integrity of the installed system. The pilot phase is scheduled for completion in May 2026, after which potential additional applications will be assessed.

Looking ahead, further testing is planned at new pilot sites of an additional solution involving the use of metallic compounds to repair potential micro-cracks and improve the sealing of flanged joints, namely the connection points between components containing SF_6 gas.

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Decarbonisation of Italy's energy mix

As mentioned earlier, **more than 90%** of the Group's total **Scope 1** and **Scope 2 emissions** are **associated with grid losses**. Grid losses are defined as the difference between energy injected by producers (including imported energy) and final consumption; specifically, the losses for the Terna Group are those associated with the transmission grid. Grid losses are a physical effect of the electricity lost as it passes through conductors and during transformation. Losses are influenced by the level of voltage, the volume of electricity transported, the materials used and the distance between the points at which energy is produced and consumed.

Grid development activities, taking into account relevant future scenarios, can enhance efficiency and thereby reduce grid losses. However, the actual impact of development measures on losses cannot be precisely predetermined; it can only be estimated through forward-looking simulations and is not fully under the control of the transmission system operator, as it depends on the concurrent evolution of the generation mix and on local electricity demand and supply dynamics. One of the most effective strategies for limiting grid losses is the implementation of advanced tools for power flow control, a requirement addressed by HVDC (High Voltage Direct Current) technology. The adoption of direct current transmission (HVDC) represents an optimal solution for the controlled and efficient transfer of electricity over distances of several hundred kilometres. Compared with an equivalent alternating current system, it enables higher transfer capacity and a reduction in overall losses. For this reason, recent Development Plans have increasingly prioritised the planning of direct current infrastructure. The latest Development Plan, published in March 2025, estimated - for the time horizons considered in the policy scenarios set out in the most recent Scenario Description Document (2030, 2035 and 2040) - a reduction in grid losses ranging between 0.4 and 1 TWh per year, attributable to the grid developments planned in the Plan (compared with a scenario in which such developments are not efficiently planned).
In this context, it should be noted that the primary driver for reducing emissions associated with grid losses and, consequently, for achieving the Group's Science Based Targets (SBT)[79] decarbonisation targets is the integration of renewable energy sources into the Italian electricity system. The impact on CO_2 emission reductions resulting from changes in the energy mix is significantly greater than that achieved through efficiency improvements linked to grid development. In addition to grid losses, the volume of these emissions is directly linked to the national production energy mix and the related CO_2 emission factor. As previously noted, these emissions move in line with the national emission factor, assuming constant grid losses (as such emissions are equal to the product of grid losses and the national emission factor): the greater the share of renewable energy sources integrated into the Italian electricity system, the lower the national emission factor and, consequently, the lower the emissions associated with grid losses. Over time, as the emission factor approaches zero, emissions related to grid losses will likewise approach zero. Accordingly, the investments planned by the Group to facilitate the connection and integration of renewable energy sources into the national energy system constitute key actions to reduce emissions associated with grid losses and to lower the Group's carbon footprint.
In this respect, it should be noted that **during 2025 83 connection agreements** were signed (corresponding to a capacity of approximately 3,000 MW) for the development of **new renewable energy source** plants. Furthermore, based on the investments included in the new 2025 Development Plan, installed solar and wind capacity is expected to increase by more than 65 GW by 2030, compared with 42.6 GW installed in 2023, and by more than 94 GW by 2035. For further information, see the section on the 2025 Development Plan.

With respect to decarbonisation, the Terna Group plans and includes related projects in the investments made to develop the national transmission grid. These investments are therefore included in the 2024-2028 Industrial Plan Update and are recognised within the Consolidated financial statement line items "Property, plant and equipment" and "Intangible assets". Within the framework of the EU Taxonomy, they are fully classified under Activity 4.9 and are entirely reflected in the CapEx KPI as both taxonomy-eligible and taxonomy-aligned.

Implementation of energy efficiency initiatives in offices, substations and factories

In compliance with applicable mandatory and voluntary regulations, the Group **monitors** its **electricity consumption** in alignment with the corporate Energy Management System certified under ISO 50001, through which oversight of impacts associated with energy consumption and greenhouse gas emissions is ensured.

[79] In the base year (2019), Scope 2 emissions in relation to total Scope 1 and Scope 2 were 96%. For this reason, actions aimed at increasing the penetration of renewable energy sources, including the objective of reducing the curtailment of renewable generation injected into the grid ("Overgeneration"), are considered decisive and are linked to the achievement of the Group's Science Based Targets (SBT) for 2030, contributing approximately 96% towards that target.

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With specific reference to substations, the main energy carriers are measured with a level of detail covering approximately 90% of the total consumption of the sample consisting of 24 electricity transformation substations located across the national territory and selected based on climatic location, size and type of operations. Every year, additional transformer substations located across the country are included in the project, with overall consumption monitored on a quarter-hourly basis. In particular, **sensors** installed at the **Group's sites** transmit data to the **EciWeb IT system** to enable deferred and/or real-time monitoring of energy-intensive assets - namely office buildings and substations - in relation to the high-voltage electricity transmission service. This information system is used to monitor and analyse electricity consumption in detail.

Furthermore, during 2025, seven Energy Audits were carried out at Terna Group sites in order to comply with the requirements of the ISO 50001 standard.

At Terna, the development of energy efficiency programmes relating to the use of electricity in substations and offices is experimental, as the Company's electricity consumption falls within the category of "own transmission uses" which, according to the industry's regulator, are not to be included in operating costs.

From an energy performance improvement perspective, reference should also be made to building **refurbishments** and the **construction of new offices**, which - in line with a multi-year programme - aim to upgrade the energy performance class of buildings owned by the Group. Proposed work at offices primarily regards improvements to the energy efficiency of lighting, air-conditioning and heating. The proposed changes at substations primarily regard the replacement of lighting towers and perimeter lighting with LED technology. The installation of sensors for the online monitoring of energy consumption at company sites, the preparation of energy audits and the implementation of energy efficiency measures are carried out on an annual basis.

During the year, the Group continued to strengthen its activities and processes aimed at renewing the UNI CEI EN ISO/IEC 50001:2018 certification, covering 100% of the business processes of Terna S.p.A. and the following subsidiaries: Terna Rete Italia S.p.A., Terna Plus S.r.l., Terna Energy Solutions S.r.l., and Terna Crna Gora d.o.o..

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Metrics and targets related to climate change

MDR-T
E1-4

TARGET OF THE 2024-2028 SUSTAINABILITY PLAN

As part of the 2024-2028 Sustainability Plan, the Terna Group has defined a series of specific targets - first and foremost the Science-based Target - aimed at assessing the progress made with respect to climate change and material climate-related impacts, risks and opportunities, also to ensure a clear path towards achieving the objectives identified by the policies adopted by the Group and reported on previously. Terna Group's targets related to the mitigation of climate change-related impacts and risks, as well as to material climate-related opportunities, in terms of GHG emissions reduction, as summarised in the Group's Science-based Target, are in line with the Group's decarbonisation strategy, whose content is outlined in the "Integrated Management System Policy", with a particular focus on the Environmental Management System, and in the "Sustainability Policy". These policies, structured in accordance with the requirements of the main international standards of reference, such as ISO 14001, ISO 50001 and the GHG Protocol, and aligned with the national and international regulatory framework, provide evidence of the Terna Group's key commitments and objectives in relation to climate change mitigation and adaptation. As mentioned earlier, the Group is actively committed to acknowledging and expanding the materiality of climate change and the need to combat it by containing CO_2 emissions (e.g., by progressively integrating renewable sources), preparing periodic assessments of risks and opportunities, as well as of the environmental impacts of its activities, seeking solutions to minimise any negative effects of the latter on the environment and, finally, report transparently on its environmental activities to internal and external stakeholders.

The definition of the Terna Group's greenhouse gas (GHG) emission reduction targets is based on the identification of its climate-related impacts and on the analysis of the Group's environmental data, with particular reference to GHG emissions. All of this is undertaken while taking into account relevant national and international objectives, including the limitation of global warming to 1.5°C, as established under the 2015 Paris Climate Conference. In this respect, Terna Group's target related to climate change mitigation, specifically the reduction of Scope 1 and Scope 2 GHG emissions, was validated by SBTi (Science Based Target initiative) in 2022 and is therefore compatible with the above-mentioned limitation of global warming to 1.5°C. With reference to the objective of reducing Scope 3 greenhouse gas (GHG) emissions, the Group is currently working on redefining its targets in order to align them with the reporting perimeter as defined under the Corporate Sustainability Reporting Directive (CSRD). Furthermore, with a view to constantly raise its ambition in combating climate change, when publishing the 2024-2028 Industrial Plan update in March 2025, the Terna Group officially announced its commitment to the Science Based Targets initiative to define a net zero target to 2050 within two years.

With regard to the key assumptions underlying the Terna Group's Science-Based Target, it should be noted, as previously highlighted, that more than 90% of the Group's total Scope 1 and Scope 2 emissions consists of emissions associated with grid losses, and that the primary lever for reducing these emissions is the integration of renewable energy sources into the Italian electricity system carried out by Terna[80]. Therefore, the definition of the target depends on the assumptions underlying the planning of grid development in line with the guidelines of the National Integrated Energy and Climate Plan ("NECP"), which applies the targets of the European "Fit-for-55" and "RepowerEU" legislative packages at national level. In particular, the

[80] See the section "Actions in relation to climate change" for information on the link between these emissions and the decarbonisation of Italy's energy mix.

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NECP sets national objectives for 2030 on energy efficiency, renewable sources and the reduction of CO_2 emissions, as well as objectives for energy security, interconnections, the single energy market and competitiveness, sustainable development and mobility, outlining for each of them the measures that will be implemented to ensure their achievement. For further information, reference should be made to the discussion presented in the preceding paragraphs of this section on energy scenarios.

When reporting GHG emissions reduction targets, the Terna Group combines Scope 1 and Scope 2 emissions[81]. As outlined above, the main drivers of the Group's emissions vary depending on the type of emissions considered. With respect to Scope 1 emissions, these are mainly caused by the SF_6 gas which is present in Terna's plants and whose leaks mainly affect equipment installed. With specific reference to Scope 2 emissions, the primary driver is grid losses, in addition to electricity consumption. The scope of the GHG emissions reduction target does not differ from that of the GHG emissions reported under the E1-6 disclosure requirement. Furthermore, it should be specified that these targets are defined on a gross basis, meaning that the undertaking does not include GHG removals, carbon credits or avoided emissions among the means used to achieve them.

At all stages of its decision-making process, the Terna Group is committed to taking into account the opinions of its key stakeholders. This also applies when the Group's targets are defined, including those for reducing GHG emissions. Indeed, the ongoing dialogue with stakeholders has enabled Terna to set the Group's priorities in terms of climate change mitigation and adaption, has contributed to defining the related targets, and has supported the implementation of many initiatives aimed at combating climate change. In general, with regard to the corporate process for defining and updating Group targets, monitoring the related performance and involving employees, reference should be made to the section "The strategy - 2024-2028 Sustainability Plan update".

In order to pursue the emissions reduction target set out below, in 2025, the Group has implemented several actions which are described in the section "Actions in relation to climate change". These actions have been broken down by decarbonisation lever for a more effective understanding of the Group's commitment to reducing emissions. The same levers described above will continue to contribute, in the coming years, to the achievement of the Scope 1 and Scope 2 emission reduction target established by the Terna Group. Accordingly, their quantitative contribution is described below in terms of future emissions reduction.

Targets of the 2024 - 2028 Sustainability Plan update - "Energy Transition" Pillar

TARGET	TARGET BOUNDARY	METRIC AND RELATED UNIT OF MEASUREMENT	BASELINE YEAR / BASELINE VALUE	VALUE 2025	MILESTONE 2030
Emissions reduction (Scope 1 + Scope 2) in line with the Group's Science Based Target (SBT)	Terna Group	tonnes of CO_2e (and %)	2019 1,831,348 tonnes of CO_2e	1,256,806.5 tonnes of CO_2e	-846,082 tonnes of CO_2e (-46.2%)

During the reporting year, there were no changes in the targets and corresponding metrics, or in the measurement methodologies adopted.

With regard to recorded performance, in 2025 Scope 1 and Scope 2 Location based emissions amounted to 1,256,806.5 tonnes of CO_2e, representing a decrease of 31% compared with 2019, the base year for the target, selected at the time of the Group's initial commitment to the Science Based Targets initiative in 2021 and considered the most representative as the most recent year not affected by extraordinary events (such as the coronavirus pandemic). The reduction in Scope 1 and Scope 2 emissions recorded in 2025 compared with 2024 is primarily attributable, on the one hand, to lower SF_6 gas leakages as a result of the measures described in the section "Management of SF_6 gas", and, on the other hand, to reduced grid losses (for further details, reference should be made to the metrics section).

[81] In the base year (2019), Scope 1 emissions in relation to total Scope 1 and Scope 2 were 4% and Scope 2 emissions were 96%.

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Additional targets related to climate change

In addition to the Science-Based Target outlined above, the Terna Group has established further targets relating to climate change mitigation and adaptation, which form part of its Sustainability Plan. The most significant ones are shown below.

TARGET	TARGET BOUNDARY	METRIC AND RELATED UNIT OF MEASUREMENT	BASELINE YEAR / BASELINE VALUE	VALUE 2025	MILESTONE			
					2025	2026	2027	2028
SF_6 leakage rate on total installed as a percentage.	Terna Group	*Percentage value*	2023 0.45%	0.30%	≤ 0.42%	≤ 0.40%	≤ 0.38%	≤ 0.36%
Construction of assets to increase the resilience of the national transmission grid	Terna Group	*Percentage value of km of new and/or refurbished lines completed compared to the planned annual amount of the infrastructural projects covered by the Resilience Plan*	2024 100%	100%	100%	100%	100%	100%

As previously highlighted, the leakage of SF_6 gas from equipment represents the Group's primary source of direct emissions; for this reason, an annual target has long been established in terms of the percentage incidence of such leakages relative to the total installed volume (the base year indicated reflects the target value previously used for planning objectives); the **performance recorded in 2025 was equal to 0.30%**. This result is attributable to the measures implemented in 2025 to contain gas leakages, as described in the section "Management of SF_6 gas". During the reporting year, there were no changes in the targets and corresponding metrics, or in the measurement methodologies adopted. Finally, it should be noted that current performance and overperformance levels will be subject to further analysis in order to appropriately update the target trajectory in the next Sustainability Plan.

Furthermore, in line with Terna Group's proactive management of climate change adaptation, the latest update of the Sustainability Plan - in line with the company's resilience planning - involved the inclusion of targets and actions to improve the resilience of the grid. This section provides disclosure of the target relating to the development of assets aimed at enhancing the resilience of the National Transmission Grid to climate-related events. The target has been defined and presented for the first time in the 2024-2028 Sustainability Plan update, integrated with the Industrial Plan. Therefore, 2024 is the base year to be considered for the definition of the targets. The result recorded in 2025 is consistent with the target set and with the performance achieved in the previous year. More information on the Sustainability Plan and its monitoring is available in the relevant section.

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METRICS RELATED TO CLIMATE CHANGE

MDR-M
E1-5

*Energy consumption and energy mix**

	U.M.	2025	2024
Fuel consumption from coal and coal products	MWh	0	0
Fuel consumption from crude oil and petroleum products		31,973	31,879
Fuel consumption from natural gas		16,040	15,701
Fuel consumption from other non-renewable sources		0	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources		106,588	110,031
Total energy consumption from fossil sources	**MWh**	**154,600**	**157,611**
Share of fossil sources in total energy consumption	**%**	**57.0**	**58.7**
Consumption from nuclear sources	**MWh**	**8,683**	**8,739**
Share of consumption from nuclear sources in total energy consumption	**%**	**3.2**	**3.3**
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.)	MWh	113	0
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources		107,826	101,965
Consumption of self-generated non-fuel renewable energy		151	158
Total energy consumption from renewable sources	**MWh**	**108,091**	**102,123**
Share of renewable sources in total energy consumption	**%**	**39.8**	**38.0**
Total energy consumption	**MWh**	**271,374**	**268,474**

**Data are calculated using additional decimal places but rounded to the nearest whole unit*

Grid losses

	U.M.	2025	2024
Grid losses - electricity from fossil sources	MWh	2,698,855	2,913,574
Share of fossil sources in total grid losses	%	51.2	51.1
Grid losses - electricity from nuclear sources	MWh	0	0
Share of nuclear sources in total grid losses	%	0	0
Grid losses - electricity from renewable sources	MWh	2,575,188	2,782,868
Share of renewable sources in total grid losses	%	48.8	48.9
Total grid losses	**MWh**	**5,274,043**	**5,696,442**

Energy consumption figures show Terna Group's total direct and indirect energy consumption. Direct energy consumption refers to fuel for the company's operational vehicles (fleet vehicles and helicopters), for production activities and heating and for generators. With regard to indirect electricity consumption, given the inability of companies operating in the electricity transmission and dispatching sector to select a specific supplier, the breakdown by source is determined based on the national generation mix transmitted through the electricity grid. The reference for the breakdown of the production mix is the December 2025 issue of the 'Monthly Report on the Electricity System', available on the website www.terna.it.

With respect to the remaining consumption attributable to the other subsidiaries of the Group (representing approximately 8% of total electricity consumption), the allocation by source has been carried out on the basis of electricity billing data or, where such data were not available, on the basis of the energy mix of the country in which the subsidiary operates. Direct energy consumption was converted into MWh from consumption in GigaJoules. To convert the volumes of the primary resources into gigajoules, the parameters set out in the Global Reporting Initiative (GRI) protocols were used (Reference Indicators IP Protocols). Furthermore, approximately 17% of the Group's electricity consumption derives from estimates that take into account values for the year n-1.

With regard to data trends, values recorded show substantial alignment with those of 2024; it should be noted that, for the same level of electricity consumption, the share of renewable energy increased following Tamini Trasformatori S.r.l.'s decision to activate a 100% renewable energy supply contract; lastly, a slight increase in natural gas consumption was recorded due to higher production activity by the same entity.

With reference to grid losses, as previously indicated, these represent a physical effect arising from the dissipation of energy occurring during the transmission of electricity through conductors and are calculated as the difference between energy injected by producers (including imported energy) and

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final consumption. Although the values associated with grid losses are not - except in part - under the direct control of Terna S.p.A. (see page 242), in line with the GHG Protocol - an internationally recognised framework for measuring and managing greenhouse gas (GHG) emissions - the CO_2 emissions linked to this phenomenon are included within total indirect emissions (Scope 2, E1-6); for this reason, they are presented together with the other metrics required under disclosure E1-5. The breakdown by source is determined based on the national generation mix transmitted through the electricity grid. The reference for the breakdown of the production mix is the December 2025 issue of the 'Monthly Report on the Electricity System', available on the website www.terna.it.
As grid losses primarily depend on the electricity demanded and consumed by final customers, it is considered informative to provide the percentage incidence of losses relative to the electricity demand in Italy in 2025: this incidence amounted to 1.7% in 2025 (compared with 1.8% in 2024).

With regard to trends in grid losses, reference should be made to the section "Decarbonisation of the Italian national energy mix" concerning investments in direct current infrastructure for the development of the transmission grid.

Finally, the Terna Group does not generate electricity from fossil sources. The only electricity generated from renewable sources by Terna S.p.A. and Terna Rete Italia S.p.A. is intended for own consumption and amounted to 151 MWh.

Energy intensity based on net revenue

The Terna Group's energy intensity in 2025 amounted to 0.000069 MWh per euro, representing an 8% decrease compared with the 2024 value of 0.000075. The high climate impact sectors used to calculate energy intensity comprise "Electricity, gas, steam and air conditioning supply", "Manufacturing" and "Construction".

	2025	2024
Net revenue from activities in high climate impact sectors used to calculate energy intensity (€m)	3,940.3	3,578.0
Net revenue (other) (€m)	10.6	38.1
Total net revenue (financial statements) (€m)	**3,950.9**	**3,616.2**

Data are calculated using additional decimal places but rounded to the nearest whole unit.

The decrease in net revenues (euro million) is mainly attributable to the reduction in revenues generated by Terna Energy Solutions S.r.l., whose activities do not fall within high climate impact sectors.

MDR-M
E1-6

Gross GHG emissions for Scopes 1, 2 and 3 and total GHG emissions*

	U.M.	2025	2024
Gross Scope 1 emissions			
Gross Scope 1 emissions	tCO_2e	64,886.8	79,421.8
Percentage of Scope 1 emissions from regulated emission trading schemes	%	0	0
Gross Scope 2 emissions			
Gross location-based Scope 2 emissions*	tCO_2e	1,191,919.7	1,271,789.8
Gross market-based Scope 2 emissions*	tCO_2e	1,190,464.3	1,272,065.3
Gross Scope 3 emissions			
Total gross indirect Scope 3 emissions	tCO_2e	1,899,194.7	1,770,031.5
Cat. 1 - Purchased goods and services		158,288.0	200,220.2
Cat. 2 - Capital goods		222,942.0	148,623.0
Cat. 3 - Fuel and energy-related activities (not included in Scope 1 or 2)		599,402.0	524,536.4
Cat. 4 - Upstream transportation and distribution		6,350.2	3,674.5
Cat. 5 - Waste generated in operations		8,967.7	15,000.4
Cat. 6 - Business travel		2,396.3	5,880.1
Cat. 7 - Employee commuting		9,496.7	10,914.0
Cat. 9 - Downstream transportation and distribution		1,662.6	1,068.8
Cat. 11 - Use of sold products		889,334.8	859,960.8
Cat. 12 - End-of-life treatment of sold products		279.2	109.9
Cat. 15 - Investments (Corporate Venture Capital)		75.2	43.2
Total emissions			
Total emissions (location-based approach for electricity consumption)**	tCO_2e	3,156,001.2	3,121,243.1
Total emissions (market-based approach for electricity consumption)**		3,154,545.8	3,121,518.6

* *Data are calculated using additional decimal places but rounded to the nearest whole unit.*
** *It should be noted that, for companies operating in electricity transmission and dispatching, it is not possible to make market-based choices with regard to electricity consumption or, naturally, with respect to grid losses.*
It should also be noted that the data used to calculate Scope 1 and Scope 2 emissions are entirely derived from internal sources. Conversely, the data used to calculate Scope 3 emissions, as further detailed below, are primarily derived from external sources.

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Scope 1 and 2: *the conversion of direct energy consumption and losses of sulphur hexafluoride (SF_6) and refrigerant gases into carbon dioxide equivalent (CO_2e) emissions is carried out using the parameters defined by the Greenhouse Gas Protocol (GHG) and, starting from this year, the most up-to-date emission factors provided in the Intergovernmental Panel on Climate Change Sixth Assessment Report (IPCC AR6). In this regard, it should be noted that Scope 1 emissions for 2024 were calculated using the emission factors from the IPCC Fifth Assessment Report (AR5). With a view to enabling readers to compare data using consistent emission factors, it is highlighted that the value of Scope 1 emissions for 2024, calculated using the updated AR6 emission factors, would have amounted to 81,794.6 tonnes of CO_2e, compared with the value reported in the table (79,421.8 tonnes of CO_2e) calculated using the previous factors. It should also be noted that emissions associated with biodiesel consumption were determined using the Defra 2025 emission factor, as it is considered more appropriate for this specific fuel category. With reference to indirect electricity consumption, the conversion into location-based emissions was carried out by taking into account the share of thermoelectric generation in total electricity production in Italy or abroad for 2025. The reference sources used for the allocation of the generation mix are the Monthly Report on the Electricity System 2025 (available on the website www.terna.it) for Italy and Enerdata 2024 for foreign countries.*

The reduction in Scope 1 emissions (down 18% compared with 2024) and Scope 2 emissions (down 6% compared with 2024) recorded in 2025 is primarily attributable, on the one hand, to lower SF_6 gas losses (equal to 2,173.1 kg compared with 2,863.4 kg in 2024) as a result of the measures described in the section "Management of SF_6 gas", and, on the other hand, to reduced grid losses.

With regard to market-based emissions, it should be noted that contracts including the selection of a sustainable supply option were identified for Brugg Kabel Services AG, Tamini Trasformatori S.r.l. and for certain facilities of the Altenia Group. In this respect, it should also be noted that companies operating in the electricity transmission and dispatching sector are unable to select a specific supplier for regulatory reasons; consequently, for all companies operating in the electricity transmission and dispatching sector, market-based emissions have been calculated using the grid emission factor. With respect to market-based emissions, in order to ensure comparability with location-based emissions, emissions related to grid losses have been included although they are specific to the electricity system and cannot, in any way, be considered in the same way as electricity consumption for which the Transmission System Operator can make a market-based choice. Therefore, the market-based value was calculated by considering the 99.9% of emissions for which the Terna Group is unable to make any market choices. It should also be noted that, in line with the GHG Protocol, for non-European entities, in the absence of a residual mix emission factor, the location-based method was applied for the calculation of market-based emissions. Finally, in the limited number of cases where it was not possible to certify the renewable origin of electricity consumption, European residual mix emission factors — updated as of 30 May 2025 — were used.

Scope 3: *following the screening of Scope 3 categories, it was determined that certain categories are not material for reporting purposes. This is either because their impact on total emissions is marginal or because they do not apply to the Group. The following categories were not included in the calculation: Category 8 - Upstream leased assets; Category 10 - Processing of sold products; Category 13 - Downstream leased assets; Category 14 - Franchises. A portion of Scope 3 emissions is estimated using average-data or spend-based approaches, which involve the application of average emission factors derived from recognised databases. The use of these methodologies may result in a degree of variability and uncertainty in the estimates due to the aggregated nature of the underlying data, while remaining consistent with the GHG Protocol.*
Scope 3 emissions increased by 7% compared with 2024. Details of the individual categories are provided below.
Category 1: for the companies Terna S.p.A., Terna Rete Italia S.p.A., Rete S.r.l., Rete 2 S.r.l., Terna Crna Gora d.o.o. and Terna Interconnector S.r.l., the Life Cycle Assessment (LCA) method is applied using an Excel-based tool developed by Bocconi University. The input data consist of the kilometres of electricity lines constructed during the year, classified by voltage level, and the number of bays in substations constructed during the year, likewise disaggregated by voltage level. These inputs are entered into the LCA Tool and processed in another Excel file. Starting from the current reporting period, for the purpose of calculating emissions related to decommissioning operations, the input data used consist of detailed information on the kilometres of electricity lines and the number of substation bays effectively decommissioned during the year. The specific data required to perform the estimation have been available in the information systems only from the 2025 reporting year onwards; therefore, it has not been possible to apply this calculation criterion retrospectively. For the Brugg Cables Group, the Tamini Group and the Altenia Group, this category includes data relating to purchased goods and services. For the calculation, an average-data approach or, alternatively, a spend-based approach has been applied: emissions of carbon dioxide equivalent (CO_2e) have been estimated based on the physical consumption data (expressed in kg) or expenditure data (expressed in CHF/euro) for each purchased good and/or service. The calculation method involves multiplying the physical- or spend-based data by the emission factor of the reference category of the good and/or service. Emission factors are defined based on the Ecoinvent and EPA databases. Where necessary, for emission factors in foreign currencies, the exchange rate was applied.
Category 2: for the companies Terna S.p.A., Terna Rete Italia S.p.A., Rete S.r.l., Rete 2 S.r.l., Terna Crna Gora d.o.o. and Terna Interconnector S.r.l., the Life Cycle Assessment (LCA) method is also applied in this case. As for Category 1, data relating to the kilometres of electricity lines and the number of substation bays constructed in 2025 are collected. These data are subsequently entered into the LCA Tool and processed in a secondary Excel file. For the final calculation, emissions are aggregated using the average-data method. Emission factors are taken from the Ecoinvent database.
Category 3: for Terna S.p.A., Terna Rete Italia S.p.A., Rete S.r.l., Rete 2 S.r.l., Terna Crna Gora d.o.o., Terna Energy Solutions S.r.l., the Tamini Group, Avvenia The Energy Innovator S.r.l., the Altenia Group, the Brugg Cables Group and Terna Plus S.r.l., an average-data approach is applied, which considers physical data (e.g. litres of fuel or kWh of electricity) to estimate upstream emissions associated with the generation, transportation and distribution of fuels and electricity. With regard to input data, information is collected on fuel consumption, electricity consumption and grid losses (used for the calculation of Scope 1 and Scope 2 emissions). These data are subsequently entered into an Excel-based tool to calculate the GHG inventory. The calculation method consists of multiplying the physical activity data by the relevant emission factors in order to determine emissions not included within Scope 1 and Scope 2. The emission factors are sourced from the Ecoinvent, Defra and Enerdata databases.
Category 4: for Terna S.p.A., Terna Rete Italia S.p.A., Rete S.r.l., Rete 2 S.r.l., Terna Crna Gora d.o.o. and Terna Interconnector S.r.l., the Life Cycle Assessment (LCA) method is applied. As for Categories 1 and 2, data relating to the kilometres of electricity lines and the number of substation bays constructed during 2025 are collected. These data are subsequently entered into the LCA Tool and processed in a secondary Excel file. The final calculation is the sum of emissions arising from the transport of materials and machines during the installation phase. For the Tamini Group and the Altenia Group, a spend-based approach is used, which involves multiplying expenditure data by the emission factor corresponding to the relevant service category. Emission factors are taken from the EPA database. It should be noted that, with regard to the Brugg Cables Group, for items expressed in mass and therefore calculated using the average-data method, transport-related impacts are included under Category 1, as the Ecoinvent emission factors already incorporate the impact associated with the transport of purchased materials. For a few materials relating to Brugg Switzerland, for which the figure in kg is not available, the spend-based figure was considered. Assuming that 3% of the cost of the material represents the transport cost, the service-related impact was calculated using EPA factors.
Category 5: for Terna S.p.A., Terna Rete Italia S.p.A., Rete S.r.l., Rete 2 S.r.l., Terna Crna Gora d.o.o., Terna Energy Solutions S.r.l., Terna Interconnector S.r.l. and Terna Plus S.r.l., the Life Cycle Assessment (LCA) method is applied. As for Categories 1, 2 and 4, data relating to the kilometres of electricity lines and the number of substation bays constructed during the year are collected. Starting from the current reporting year, for the purpose of calculating emissions related to decommissioning operations, the input data consist of detailed information on the kilometres of electricity lines and the number of substation bays effectively decommissioned during the year. The specific data required to perform the estimation have been available in the information systems only from the 2025 reporting year onwards; therefore, it has not been possible to apply this calculation criterion retrospectively. These inputs are entered into the LCA Tool and processed in another Excel file. Emission factors are taken from the Ecoinvent database.

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For the Brugg Cables Group, Tamini Group, Altenia Group and Terna Crna Gora d.o.o., a waste-type-specific approach is applied, which involves multiplying the kilograms or tonnes of waste by the emission factor corresponding to the type of waste and the relevant disposal or recovery method. It should also be noted that the variation compared with the previous year is attributable to the update of emission factors derived from the Defra database.
Category 6: for Terna S.p.A., Terna Rete Italia S.p.A., Rete S.r.l. and Terna Energy Solutions S.r.l., the travel agency directly provides the emissions generated by employees' air and rail travel. For the Brugg Cables Group, Tamini Group, Altenia Group, Avvenia The Energy Innovator S.r.l. and Terna Crna Gora d.o.o., a distance-based approach is applied, which takes into account the distance travelled in kilometres during the journey and the mode of transport used. The inputs comprise the kilometres travelled, the means of transport, the travel class and the number of employees. The calculation method involves multiplying the figure in kilometres by the emission factor specific to the means of transport. The emission factors used are taken from the Defra database. Emissions arising from business travel of Rete S.r.l. and Rete 2 S.r.l. have been excluded from this category. The former does not employ personnel, while the latter has a limited number of employees who operated only during the last quarter of the year; for this reason, the related emissions have been considered not material.
Category 7: the calculation for this category is based on a distance-based approach, which takes into account the kilometres travelled by employees of each company between home and workplace, the mode of transport used and the number of commuting days. Data were collected through surveys administered to employees of the following companies: Terna S.p.A., Terna Rete Italia S.p.A., Rete S.r.l., Terna Energy Solutions S.r.l., Terna Plus S.r.l., the Brugg Cables Group, the Tamini Group, the Altenia Group, Avvenia The Energy Innovator S.r.l., Terna Crna Gora d.o.o. and Terna Peru S.A.C. The emission factors used are taken from the Defra database.
Category 9: for the Brugg Cables Group, Tamini Group and Altenia Group, a distance-based approach is applied, which considers the kilometres travelled from the operating sites to the countries where sales were carried out. The calculation method involves multiplying the kilograms transported by the number of kilometres travelled by the emission factor for the average transport of one kilogram of material. Emission factors are taken from the Ecoinvent database.
Category 11: for the Brugg Cables Group and the Tamini Group, the calculation methodology is based on a physical-based approach. This category estimates the Scope 1 and Scope 2 emissions associated with the use of the product throughout its useful life. The calculation method involves multiplying the physical-based data by the emission factor of fuel and electricity, all multiplied by the years of the product's life. For Brugg Kabel Services AG, the products considered are the metres of cable sold, disaggregated by year and by geographical region. The energy consumption related to the use of cables consists of the related grid losses. An estimate of grid losses per kilometre has been developed using the corresponding data for Terna S.p.A. as the reference baseline (GWh/km). For the Tamini Group, grid losses associated with transformers have been calculated for the countries in which the products were sold, based on a certified Life Cycle Assessment (LCA) of a representative transformer and on the average characteristics of all transformers sold. Emission factors on the energy mixes of the various countries included in the Enerdata database are considered. These emission factors were subsequently applied to the useful life of cables and transformers based on the WEO's SDS and STEPS projection scenarios.
Category 12: for the Brugg Cables Group and the Tamini Group, the calculation methodology is based on a waste-type-specific approach, which involves multiplying the physical activity data by the emission factor associated with disposal. The physical data correspond, for each year, to the metres of cable sold for the Brugg Cables Group and to the number of transformers sold for the Tamini Group. To estimate tCO_2e per kilometre, data from the corporate LCA Tool, which provides a breakdown of emissions related to cable disposal, have been used. This emission factor has subsequently been applied to the kilometres of cable sold by Brugg Kabel Services AG. For the Tamini Group, the calculation is based on the certified Life Cycle Assessment (LCA) provided for a representative transformer.
Category 15: The input data refer to the 2024 revenue of the investee companies, representing the most recently approved financial data. The calculation of emissions is based on the average-data method, in line with the GHG Protocol. This method used to determine the indicator multiplies the total revenue of each investee by the corresponding emission factor of the relevant economic sector. The resulting value is subsequently weighted according to the equity shareholding held by Terna Forward S.r.l. Revenue expressed in dollars has been translated into euros using the appropriate exchange rate. In 2025, the new publication of the emission factors in the latest version of the EPA Database has significantly reduce emissions in this category. For this reason, it was considered appropriate to recalculate the 2024 emissions using the new available factors. The previously published value was 457.9 tCO_2e, which is more than 90% higher than the figure recalculated with the new factors for the same year. This resulted in the recalculation of the total tonnes of CO_2 published for 2024, with a reduction of 414.7 tCO_2e for the total of Scope 3 and the total of Location-Based and Market-Based emissions.

Emission intensity based on net revenue

EMISSION INTENSITY PER NET REVENUE	U.M.	2025	2024
Total emissions (location-based) per net revenue	$tCO_2e/€$	0.000799	0.000863
Total emissions (market-based) per net revenue	$tCO_2e/€$	0.000798	0.000863

It should be noted that the net revenues used for the calculation of emissions intensity amount to 3,950.9 million euro. This amount corresponds to the item "Revenue from sales and services" reported in the Consolidated Financial Statements. A 7% reduction in emissions intensity has been recorded compared with the 2024 value.

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Protection of biodiversity [ESRS E4]

E4 | SBM-3
E4 | IRO-1

Management of impacts, risks and opportunities related to biodiversity protection[82]

The interaction of the Group's activities with biodiversity is mainly related to the physical **presence of power lines** and **substations**[83] and their impact on the surrounding environment, which can be both natural and man-made. In particular, with reference to the construction phase of the works, great attention is paid to the choice of areas and access tracks, selected, when possible, in areas of lesser natural value.

In the case of submarine power lines, the impacts concern the integrity of the seabed on which the undersea cables are laid. Regarding laying and maintenance operations, the impacts primarily concern aquatic flora species such as, for example, Posidonia oceanica.
In this context, the search for the route constitutes the most delicate design phase as it determines the future impact on the environment and biodiversity of the entire development project. For this reason, Terna, without prejudice to the need to identify a route that allows for the regular operation and maintenance of the power line, seeks design solutions that minimise the amount of land used, interference with areas of environmental, natural, landscape, and archaeological value, whether urbanised or urban development areas, and the encumbrances on the properties involved[84]. The support of the **"Geographic Information System" (GIS) technology** is fundamental when searching for **sustainable locations** (corridors) for National Transmission Grid (NTG) development projects. This technology allows comprehensive consideration of all information relating to the different types of land use and protection obligations (territorial, naturalistic, cultural, landscape, etc.), in order to identify possible locations which are the most compatible with the area concerned.

The interaction between power lines and substations and protected areas, or areas of particular ecological interest, is subject to continuous monitoring. Therefore, all of the Group's assets are assessed with the support of GIS technology, and overall, **monitoring** includes all **substations** (926 in 2025) and **power lines** (69,070 km in 2025). The GIS database used to assess potential overlaps with protected areas integrates both sites included in the Official List of Protected Areas (EUAP) and those forming part of the Natura 2000 Network, including Special Areas of Conservation (SACs) and Special Protection Areas (SPAs). With the support of this database, an inventory of potential **interferences** between assets and **protected areas** or areas of **highly biodiverse value** is carried out by cross-referencing electricity grid data with territorial and environmental datasets. In 2025, 7,365.9 km of lines and 34 substations were identified as intersecting with protected areas. For further details, reference should be made to the detailed tables on page 264, within the section "Metrics relating to biodiversity protection". Considering that interventions in protected areas are reduced to a minimum by virtue of the application of **ERPA procedures**, the mitigation measures required by legislation and ordered by local authorities are applied for new works.

The Double Materiality Assessment 2025 identified and considered the impacts that may collectively concern the Group's activities with respect to biodiversity, it was not deemed necessary to break down the impacts by specific sites. This detail is carried out following the requirements and environmental impact assessment for the implementation of the Development Plan.

The Double Materiality Assessment considered both the direct and indirect impacts of the Group's activities on biodiversity and ecosystems, evaluating both actual and potential impacts. Starting from an analysis of internal and external corporate documents, also considering sector-specific guidelines of the **Task Force on Nature-related Financial Disclosures (TNFD)**, a series of impacts related to the topics and sub-topics indicated by the ESRS standards were then identified. The identified impacts were submitted to the relevant corporate functions and

[82] In line with the findings of the updated Double Materiality Assessment, information relating to "Biodiversity protection" is considered material only for activities associated with the Transmission and Dispatching of electricity. The Group's other businesses, including the Brugg Cables Group, the Tamini Group and the Altenia Group, operate at confined production sites and do not develop infrastructure distributed across the territory; consequently, their direct interaction with natural habitats and ecosystems is extremely limited, rendering any potential biodiversity-related impacts, risks or opportunities negligible. Accordingly, the information presented in this section relates exclusively to Transmission and Dispatching activities.
[83] For a list of sites, see the tables 'Details of power lines owned by the Terna Group' and 'Details of substations owned by the Terna Group' on pages 410-411.
[84] Terna's planning includes the study of site plans aimed at using existing roads or tracks to minimise the opening of new tracks, especially in wooded or protected areas, and the assessment of problems related to cutting vegetation, adopting methodologies and tools to minimise interference such as optimising the height of supports and their location. Agreement on location criteria is the instrument used for selecting local corridors with least impact. These criteria are used to identify the greater or lesser degree of suitability of an area to host new electricity infrastructure. Terna and the Regions have agreed on a system of ERPA criteria (Exclusion; Repulsion; Problems; Attraction), based on four classes, to be adopted when locating new electrical works. Protected areas, including the IUCN (International Union for the Conservation of Nature) categories that coincide with these, fall into the 'Repulsion' category, which binds Terna not to operate unless there are no alternatives or there are only alternatives that are even less environmentally compatible.

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to external sustainability experts, who assessed their relevance based on criteria of severity and likelihood. The contribution of the functions involved in the context of the Double Materiality Assessment is of particular importance since they are responsible for **ensuring ongoing dialogue with the stakeholders** as a fundamental element of the preparatory activities for updating and implementing the Development Plan. The Group is, in fact, continuously committed to defining and implementing the most appropriate forms of stakeholder engagement and **participatory planning**, with particular attention to local communities and to potential implications arising from grid development activities. In practice, the Group's actions are guided by a set of general operational principles governing stakeholder engagement activities across the different phases of the National Transmission Grid (NTG) development process, from planning, to the Strategic Environmental Assessment of the Plan, from the design of individual projects to their authorisation and subsequent implementation. Of particular note, among the activities in the areas affected by the development of the grid are the **'Terna meets'** [occasions for conversation], described in the section on local communities.

Dependencies on biodiversity, ecosystems and related ecosystem services have been identified and assessed through a process that considers the synergies between nature and climate, also taking into account the guidance provided in the TNFD sector guidance.

Specifically, TNFD for electricity transmission and dispatching activities identifies a **potential dependency on certain ecosystem services**[85] in connection with the increasingly frequent **occurrence of extreme weather events** driven by climate change. These include the mitigation of natural hazards such as floods and storm surges, erosion control, and soil and slope stabilisation. The analysis therefore considered dependencies on ecosystem services that regulate climate and the ways in which these services influence the integrity of electricity transmission infrastructure. For example, the climate regulation ecosystem service contributes to protecting infrastructure from extreme climate events, such as abnormal precipitation and temperature fluctuations, which could otherwise cause damage. Conversely, phenomena such as the loss of vegetation and ecosystem degradation increase the risk of damage caused by flooding and severe weather events, with adverse impacts on the Group's assets.

The Terna Group's approach to biodiversity is also reflected in a potential increase in the Group's attractiveness within financial markets, particularly in light of the growing attention paid by investors and specialised ESG rating agencies to these topics. These aspects are continuously analysed and monitored by the Group's Sustainability function. With regard to the process for identifying and assessing biodiversity-related opportunities, this has been incorporated within the scope of the Double Materiality Assessment, to which reference should be made for further details (page 182).

SUMMARY OF IMPACTS AND OPPORTUNITIES RELATED TO THE PROTECTION OF BIODIVERSITY

IMPACTS, RISKS AND OPPORTUNITIES	REFERENCE SUB-TOPIC
Positive impacts	
Increase in biodiversity through initiatives aimed at habitat creation and through the use of technology for biodiversity monitoring (e.g. Ecological Incremental Index; Tiny Forests; screening techniques)	Impacts on the extent and condition of ecosystems Impacts and dependencies relating to ecosystem services
Negative impacts	
Alteration of biodiversity	Impacts on the extent and condition of ecosystems Impacts and dependencies relating to ecosystem services
Opportunity	
Increased attractiveness in financial markets due to the biodiversity protection strategy	Impacts on the extent and condition of ecosystems Impacts and dependencies relating to ecosystem services

[85] Ecosystem services are defined as the contributions deriving from ecosystem resources providing benefit to economic activity and other human activity. For example, the supply of timber and firewood from a forest, the freshwater of a river, the recreational and tourism opportunities of a forest or coral reef, and the pollination of crops. Ecosystem services fall into three categories: provisioning services, such as the supply of crops, wood or water; regulating and maintenance services, such as water flow regulation and climate regulation; and cultural services, such as recreational activities and tourism opportunities. For further information, reference should be made to the "Recommendations of the Task Force on Nature-related Financial Disclosures", page 26: https://tnfd.global/publication/recommendations-of-the-taskforce-on-nature-related-financial-disclosures/#publication-content

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MDR-P
E4-2

POLICIES RELATED TO THE PROTECTION OF BIODIVERSITY

The Terna Group, aware of the need to ensure structured and continuous oversight of issues related to biodiversity and ecosystems, has established an integrated system of policies to support the management of impacts, risks and opportunities associated with this area. These policies, developed in compliance with the applicable regulatory framework and the main relevant best practices for the protection of natural capital, are periodically updated in response to developments in the regulatory, scientific and territorial context, as well as to findings emerging from stakeholder engagement activities and the Double Materiality Assessment.
The full set of Group policies is summarised in the section "Terna Group's policies for the management of impacts, risks and opportunities", within the "General disclosures" section.

Terna Group's Integrated Management System Policy

In order to identify, assess, manage and/or remediate its material impacts, risks and opportunities related to biodiversity protection, the Terna Group adopts the Terna Group Integrated Management System Policy[86]. In particular, with reference to the present ESRS Topic, the Terna Group undertakes to:

- check the appropriateness of the context in which the Terna Group operates;
- prepare a periodic assessment of the compliance obligations applicable to the Terna Group;
- carry out periodic assessments of the environmental impacts of its activities and of the related risks and opportunities, identifying solutions to minimise any adverse effects on the environment, taking into account the full life cycle of its infrastructure;
- check, via targeted inspections, the environmental protection actions carried out by the relevant organisational structures;
- implement transparent communication of its environmental activities;
- recognise the importance of social acceptance of the Group's infrastructure by the communities in which it operates, with the objective of implementing the investments set out in the Development Plan while paying due attention to the environment, landscape and the interests of local and national communities, and limiting negative impacts wherever possible;
- adopt a preventive approach, listening directly to the opinions of the main environmental associations and to the needs of the institutions in the area where grid installations are being built, seeking shared solutions that integrate the respect for the characteristics of the local area and the environment and biodiversity with those of electricity system security, as well as with the more general interests of the community for grid efficiency and cost-effectiveness of the service;
- grant, based on scientific programmes developed in collaboration with institutes and associations of proven reliability, the use of its facilities to protect and increase biodiversity, within the limits of plant and electricity service security. In particular, with respect to birdlife, it undertakes to adopt the most modern devices to minimise any negative impacts of its installations. Therefore, it pays full attention to reports of negative impacts of its installations and is available for assessments and evaluations and, if necessary, to test and possibly adopt further mitigation measures; it works on the development of protection systems that are consistent with the environment surrounding its plants.

Sustainability policy

With specific reference to the protection of biodiversity and ecosystems, the Group also adopts the Sustainability Policy[87], recognising that the construction, maintenance and presence of electricity infrastructure may generate impacts on the environment in which it operates. Through this policy, the Group undertakes to:

- minimise the visual and landscape impact of electricity infrastructure, including through rationalisation measures and the removal of existing lines, with the objective, among others, of reducing land use;
- promote the protection of biodiversity, including through the alternative use of transmission lines and the establishment of cooperation agreements with leading environmental organisations, aimed at integrating ecosystem protection into the planning, development and maintenance of the electricity grid;
- implement programmes aimed at the progressive reduction of the environmental footprint of its activities.

[86] For further information regarding the "Terna Group's Integrated Management System Policy", reference should be made to the section "Terna Group's policies for the management of impacts, risks and opportunities" within the "General disclosures" section, as well as to the section "Policies related to climate change" within the "Environmental information" section.
[87] For further information regarding the "Sustainability Policy", reference should be made to the section "Terna Group policies for the management of impacts, risks and opportunities" within the "General disclosures" section, as well as to the section "Policies related to climate change" within "Environmental information".

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Commitment to biodiversity

The Commitment to Biodiversity Protection, a public document available on the corporate website, is inspired by the principles and objectives set out in the main national and international policy frameworks on the subject, and in particular by those defined in the National Biodiversity Strategy to 2030, which, in alignment with the objectives of the Ecological Transition Plan, outlines a forward-looking vision for development centred on the need to reverse the current trend of biodiversity loss and ecosystem degradation. This commitment is also in line with that set out in the Group's Integrated Policy and implemented operationally via the environmental management system, certified in accordance with the ISO 14001 standard. The commitment to biodiversity outlines the general lines of action that apply to the planning and design of new grid infrastructures, the construction of new grid infrastructures and management of the existing ones.

The relationship between the Group's activities and biodiversity refers to the installation of grid components (lines, substations) in the local environment. Therefore, it changes depending on the characteristics of the affected area and the type of activity, where the main distinction is between the new infrastructure to be built and the operation of the existing ones. Indeed, with respect to the main impacts, lines are a potential risk of birds colliding with conductors, but also an opportunity for biodiversity concentration, especially in intensive-farming areas.

In line with the above-mentioned policies, the Terna Group's overall approach is aimed at minimising its impacts on biodiversity in accordance with the principle of **"No net loss of biodiversity"** and, where possible, **"Net Gain"**. These objectives are pursued through the strict application of the following **hierarchy of mitigation of potential impacts**: first, solutions must be sought to avoid and prevent negative impacts on biodiversity, and then, only when impacts are unavoidable, must their effects be reduced and remedied or residual negative impacts compensated for.

Accordingly, the focus on **minimising operations in protected areas** and/or sites of special interest/ importance using criteria for selecting the most suitable areas to host the infrastructure (so-called **ERPA criteria**: Exclusion, Repulsion, Complexity and Attraction), plays an important role. Under these criteria, the area is characterised based on criteria that express its fitness to host electricity infrastructures. **Using the GIS** (Geographic Information System) **technology**, information on land use and protections (local, natural, cultural, landscape, etc.) is considered in accordance with an integrated approach in order to identify sustainable location assumptions for the development of the NTG.

With respect to the infrastructure construction stage, the impact on biodiversity is linked to **construction site activities**, specifically the opening up of access routes to build pylons, soil excavation and the removal of residual materials. Again, these activities are carried out in full compliance with environmental protection regulations and requirements, if any, as well as using the best solutions to limit the effects on biodiversity. Indeed, the Terna Group plans to restore the sites, encouraging the natural redevelopment of the existing vegetation. In particularly vulnerable areas, green engineering activities were carried out, which integrated the base of the support into the surrounding context.

With respect to the **relationship between existing lines and biodiversity**, the main lines of action refer to the study of the interaction between power lines and birdlife; indeed, since 2008, as part of an agreement signed with the Italian League for Bird Protections (LIPU), a partner of Birdlife International, the Terna Group has been conducting a scientific assessment programme of the effective materiality of bird collisions with transmission lines, in order to identify the environmental conditions that affect the risk of collisions and define appropriate mitigation measures. Furthermore, for more than twenty years the Group has made use of: externally appointed ornithologists of international standing; various types of bird diverters, namely devices which, once installed, make the earth wire more visible through their colour and size, as well as through the noise generated when struck by the wind; and tree cutting and pruning activities. This activity is necessary to avoid contacts between plants and conductors, which may cause problems with both the electricity service and, potentially, biodiversity (fires). Furthermore, its performance requires much attention for the environment. The Terna Group adopts severe criteria for supplier qualification and has begun studying alternative systems - such as planting plant species with differentiated growth - in order to guarantee security without pruning plants.

Finally, the document sets out the following objectives:

- reconciling grid development and maintenance with the respect for biodiversity;
- to prepare a Biodiversity Action Plan and, in particular, with specific reference to the national context, a Bird Protection Plan, in order to define action priorities and enhance the effectiveness of biodiversity protection measures;
- increase the availability to the public - in particular to the scientific community - of the environmental studies and monitoring carried out on its electricity infrastructure, e.g. studies about environmental impact assessments and implementation of the requirements imposed by the public authorities.

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Strategic Environmental Assessment of the national transmission grid Development Plan

Terna Group's attention to the protection of biodiversity is embodied in its commitment to minimising its impact on biodiversity, by promoting the principle of No Net Loss of biodiversity and, where applicable and possible, the principle of Net Gain, and via the rigorous application of the four stages of the mitigation hierarchy. Since the early planning and design stages, **location solutions are sought to avoid and prevent negative impacts on biodiversity**; if potential impacts are unavoidable, appropriate minimisation and rehabilitation/restoration measures are identified in the various design stages and, ultimately, an analysis to offset the residual impacts is carried out.
Since 2002, inspired by the objectives of the Kyoto Protocol and the principles of sustainability and bringing forward the transposition of the European Directive into Italian legislation, the Terna Group has embarked on a **voluntary joint path with the Ministries and the Regions** by organising, in collaboration with the competent Ministries, working tables with the Regions on environmental analysis methodologies and impact assessment indicators.

The Terna Group has introduced the ERPA (Exclusion, Repulsion, Complexity and Attraction) criteria into its Strategic Environmental Assessment. This is a national automated procedure.

Following the above analyses, the most suitable areas are identified by conducting a thorough feasibility analysis, supported by specific in-depth studies, field surveys and evaluation of possible critical issues. The Department of Grid Development and Dispatching Strategies - Electricity System Planning and Authorisation (SSD-PSE) and Project Development (SSD-SVP) is responsible for approving and monitoring the policy. This policy applies to Terna Group companies. Specifically, the functions and organisational units primarily involved are those of Terna S.p.A. and Terna Rete Italia S.p.A..

As part of project development activities, the Unit in charge of Local Analyses and Theme-based Controls operates to ensure the preparation of technical-environmental analyses aimed at locating land structures, guaranteeing their environmental sustainability, in accordance with environmental policies and studies for the relevant infrastructure. In addition, for non-submarine components, it ensures theme-based controls in the field of vegetation, wildlife and biodiversity.



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Main operating instructions: Performance of a feasibility study, Performance of a project for authorisation and Management of authorisation requirements for the construction of electricity infrastructure

As part of the design of overhead power lines, underground power lines, substations and direct current installations, including converter substations and marine cables, the above-mentioned policies define, including by providing operating instructions, the content of the **feasibility study** for the **technical-economic feasibility design and the technical-environmental documentation** required for authorisation.

The preliminary assessments identify the preferred location of the infrastructure and limit the risk of alternative requests and/or location changes, thereby optimising the time and cost of obtaining the authorisations.

The operational procedure, relating to the design of overhead power lines, underground power lines, substations and special types of installations, defines the scope and level of detail required for project documentation for authorisation purposes, ensuring compliance with applicable technical and planning regulations. It establishes the environmental documentation required for the possible initiation of environmental procedures and the design updates required during the authorisation process; it also includes the documentation necessary for the Notification of Commencement of Works (DIA) and the application of Programme and Project Management techniques to ensure proper project governance.

The operating instruction “Performance of a project for authorisation” indicates how to manage the environmental requirements set out in the authorisation and environmental compatibility decrees, ensuring compliance with the technical and environmental provisions indicated by the authorising bodies.

In accordance with the operating instructions, if Natura 2000 sites are involved, the Terna Group carries out multi-level studies depending on the type of infrastructure and direct or indirect interference, in accordance with the principles of the most recent legislation in force:

1. **Environmental Impact Assessment (EIA)**, in order to assess in advance whether certain projects may have a significant impact on Sites of Community Importance (SCI), Special Areas of Conservation (SAC) and Special Protection Areas (SPA);
2. **Pre-screening and screening**, to assess, where applicable, whether the projects may have a significant positive or negative impact on the environment and whether they should be subject to assessment;
3. For infrastructure subject to EIA, performance of the **Environmental Impact Study (EIS)** to assess the environmental impacts generated by the project; check the effectiveness of the mitigation measures provided in the EIS to reduce the scale of the significant environmental impacts identified during the construction and operation stage (monitoring during and after construction); identify any unexpected environmental impacts or impacts that go beyond those foreseen in the EIS and plan appropriate corrective measures (monitoring during and after construction);
4. Where applicable, an **Environmental Monitoring Plan** may be implemented during the pre-operational, construction and post-operational phases, in order to monitor the environmental impacts of a project subject to approval or authorisation;
5. Documentation confirming compliance with any **environmental requirements of the authorities** (also for projects not subject to EIA procedure).

With respect to the monitoring process, as part of project development activities, the Unit in charge of Local Analyses and Theme-based Controls operates to ensure the preparation of technical-environmental analyses aimed at locating land structures, guaranteeing their environmental sustainability, in accordance with the environmental policies and studies unit for the relevant infrastructure. In addition, for non-submarine components, it ensures theme-based controls in the field of vegetation, wildlife and biodiversity. The Environmental Studies function operates to plan, coordinate and carry out environmental studies in support of the design, permitting and construction of greenfield installations.

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The operational procedures "Preparation of a Feasibility Study" and "Preparation of a Project for Authorisation" apply to all organisational units within the Terna Group responsible for developing technical and economic feasibility projects for the initiation of permitting procedures pursuant to Decree-Law 239/03, as well as to all organisational structures within the Group that internally prepare or externally commission environmental studies and/or documentation for the initiation of environmental authorisation processes. These procedures are approved by the Grid Development Strategy and Dispatching – Project Development Directorate. In addition, the operational procedure "Management of Authorisation Requirements for the Construction of Electricity Infrastructure" applies to preparatory and implementation activities related to electricity infrastructure and may also be extended to other types of works within the Terna Group that are subject to authorisation decrees containing specific requirements. This procedure is approved jointly by the Grid Development Strategy and Dispatching – Project Development Directorate (SSD-SVP) and the Engineering and Project Delivery Directorate – Design and Construction. The person in charge of the procedure pursuant to Law no. 241/1990 as amended, to the extent of the execution phase (Legislative decree no. 36/2023), is responsible for the proper fulfilment of the authorisation requirements.

In defining and applying the main operational procedures for the design and construction of electricity infrastructure, the Terna Group takes into account the interests of relevant stakeholders in order to ensure compliance with environmental requirements and biodiversity protection measures established by competent authorities and entities involved in permitting processes. The operational procedures govern these requirements during the feasibility study, design and management of authorisation conditions phases, ensuring both regulatory compliance and the adoption of technical solutions aimed at preventing, mitigating and managing impacts on ecosystems and species.
Operational procedures relating to the design and construction of electricity infrastructure are not publicly disclosed documents; rather, they are disseminated internally, through the Terna Group's communication channels, to the relevant organisational units.

Operational management of construction sites

With respect to the construction phase of the infrastructure, the impact on biodiversity mainly relates to construction site activities that involve the use of land with possible effects on vegetation. In order to contain these interferences, **vegetation restoration works** will be carried out, encouraging the natural redevelopment of the existing vegetation through the use of native species.

This policy provides detailed operational guidelines for the effective management of construction sites from multiple points of view: technical, authorisation, security, environmental and contract management. Furthermore, it indicates how to draw up minutes, accounting documentation and registration documents as part of the relationship with the contractor.

Indeed, during the construction phases of infrastructure subject to environmental impact assessment (significant infrastructure), an **Environmental Site Assistant** is appointed and included in the workforce, with specific environmental skills selected based on the natural or environmental characteristics of the area. The Environmental Site Assistant supports the Site Technical Assistant in the fulfilment of all environmental matters (excavation of soil and rocks, waste, dust, noise, etc.) and monitors the correct performance of authorisation requirements.

Before, during and after the construction phases, in particular for infrastructure subject to EIA or specific authorisation requirements, an Environmental Monitoring Plan is carried out on the environmental components which are deemed sensitive as per the assessments of the authorising bodies in accordance with the most recent legislation. The results of any monitoring activities are provided on Terna Group's website.

The Department of Grid Development and Dispatching Strategies - Project Development, together with the Department for Engineering and Project Implementation - Design and Implementation, is responsible for approving and monitoring the policy.

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The policy applies to construction sites under the responsibility of Terna Rete Italia S.p.A. Specifically, it covers activities related to preliminary investigations, new construction, routine and extraordinary maintenance, modification, expansion, upgrading and decommissioning of existing installations that the Terna Group assigns, in whole or in part, to external contractors.
Operational Instructions concerning the management of construction sites are not publicly disclosed documents; rather, they are disseminated internally through the Terna Group's communication channels to the relevant organisational units. However, the relevant technical and environmental requirements are communicated to contractors and other executing parties.

Unified Project "Marine survey and environmental characterisation (Ministerial Decree 24/01/1996)"

Through the Unified Project 'Marine Survey and Environmental Characterisation (DM 24/01/1996)', Terna Rete Italia S.p.A. is committed to ensuring that all submarine cables are laid in full **respect of marine ecosystems**, contributing to their conservation and the protection of biodiversity.

From the earliest stages of an infrastructure's development, in-depth environmental surveys of the seabed are conducted in order to gather fundamental data to identify optimal routes. The aim is to combine the fulfilment of technical, design and installation requirements with the preservation of existing habitats.

The document is periodically updated in accordance with regulatory requirements, bringing it into line with technical and scientific sector advances, in order to increase the protection of marine habitats. As part of project development activities, the Marine environmental studies and DC environmental management unit ensures the performance of marine surveys for the environmental part, in coordination with the Design unit for the authorisation of marine works, and in collaboration with the Marine Design and Installation unit to ensure the synergy of design, installation and protection activities at sea.

This Integrated Project is made available to the main stakeholders of the Terna Group through its inclusion as a binding annex to the tender documentation.

ACTIONS RELATED TO THE PROTECTION OF BIODIVERSITY

MDR-A
E4-3

At all stages of its activities, the Terna Group adopts strategies that ensure the balanced integration of the infrastructure into the local area, respecting its cultural and landscape characteristics, while promoting the protection of ecosystems and biodiversity and acknowledging the positive impact of the latter in the provision of ecosystem services. Within the framework of ecosystem conservation, the Group undertakes interventions aimed at habitat restoration, the landscape screening of substations through the use of native species selected on the basis of studies of existing and potential vegetation in the relevant context, and the enhancement of ecological connectivity. In particular, in the case of sites of low naturalistic value (agricultural contexts), it improves their environmental conditions. By actively cooperating with third-party organisations, the Terna Group develops projects that safeguard habitats, in addition to constantly monitor the environmental status of sites over time, thereby ensuring that the area's ecosystem services are maintained. Indeed, in 2025, it launched, or pursued, many initiatives to achieve the objectives of biodiversity and ecosystem protection policies aimed at mitigating and reducing its impacts, as well as seizing material opportunities.

In the following paragraphs, a set of actions is described, together with their contribution to the achievement of the objectives established under the Group's policies relating to biodiversity and ecosystems.

Design of projects for newly built supports

As part of biodiversity protection and the conservation of agro-ecosystems, the Terna Group is preparing a document containing guidelines on the design of projects aimed at increasing biodiversity for new supports in agricultural/natural areas. This document covers planned actions in Italy that include specific measures designed to promote the restoration of environmental balances, while improving the resilience of ecosystems in agricultural contexts. The frequency of the actions will depend on the progress of the design and implementation of the works. As part of these actions, in 2025 biodiversity enhancement measures were implemented on 24 pylons associated with the

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project "380/150 kV overhead connections at Vizzini" through environmental restoration works. In addition, seven artificial nest boxes for avifauna were installed along the "380 kV double-circuit transmission line Chiaramonte Gulfi – Ciminna and related works": five designed for diurnal raptors (Common Kestrel and Lesser Kestrel) and two designed for nocturnal raptors (Little Owl). The intervention was preceded by a preliminary study aimed at identifying the most suitable nest types, technical solutions and installation methods in order to ensure the highest probability of occupancy by the target species.

Green engineering projects involving substations

The Terna Group designs and builds new substations in Italy, fostering an interaction with the landscape and ensuring sustainable synergy with the local context. Specifically, in order to preserve biodiversity, enhancement measures are implemented, including the use of green engineering techniques. These projects, especially when included in contexts with a low natural character, contribute to a significant improvement in biodiversity, both in terms of vegetation and wildlife. Post-construction maintenance activities which maintain the environmental functions of the area involved also play an essential role. The number of years allocated to maintenance activities may vary depending on the type of intervention and, for this reason, this parameter is consistently specified and formally documented within the relevant implementation contracts, as evidenced by the activities carried out during 2024 and continued in 2025.

Planning activities for the development of Biodotti

During 2025, planning activities continued for the implementation of Biodiversity Corridors ("Biodotti"), within the framework of a project initiated in 2022. This initiative involves the renaturalisation of the areas surrounding the bases of electricity transmission pylons, with the objective of enhancing biodiversity and improving ecological connectivity in fragmented habitats through the planting of native species and the installation of wildlife-supporting structures. The project is designed with a medium- to long-term implementation horizon. Accordingly, Terna Group's power lines become genuine stepping stones that facilitate the movement of wildlife between natural areas, contributing to the enhancement of biodiversity. In particular, building on the interventions implemented in the previous year, preparatory activities were carried out during 2025 for the installation of additional measures at eight pylons, with implementation scheduled for 2026 across the Italian national territory.

Monitoring and assessing the environmental status of Terna Group sites - Entomofauna surveys at Terna Group sites

Since 2022, Terna has developed a methodology to monitor and assess, at each site subject to environmental restoration, the evolution of the ecological status of the areas through the application of the Ecological Incremental Index (EII) (Intellectual Property - SIAE 2022/02452). This index is a dynamic indicator capable of measuring changes over time at each individual site while also providing an overall assessment of trends across all monitored sites.
During 2025, an analytical review of the data collected in the 2022, 2023 and 2024 monitoring campaigns was initiated in order to undertake a process of refinement and revision of the index into an updated version that also reassesses the classification approach used for entomological samples. Following several years of application and testing, this initiative represents an

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opportunity to enhance the tool and adapt it more effectively to operational and scientific requirements. With specific reference to entomofauna, in 2024 eight sites located in Lombardy, Friuli Venezia Giulia, Marche, Emilia-Romagna and Sardinia were surveyed, where 12,644 beetle specimens belonging to 81 families were sampled in accordance with the taxonomic classification of beetle families set out in the Checklist of the Fauna of Italy, with minor adjustments. The sampling methodology consisted of two sampling sessions during the period of peak entomofauna activity, with a sampling interval of twenty days. For the eight sites, two sampling stations were identified: one within the test area and another in the external control area. The collected material was analysed in the laboratory, with samples identified at family level and according to trophic-functional groups, and subsequently recorded in the database.

The Tiny Forest project

Since 2022, seven interventions under the Tiny Forest project have been implemented in collaboration with the Italian Botanical Society, across the regions of Lombardy, Veneto, Lazio (three sites), Campania and Abruzzo. In 2025, two additional Tiny Forest sites were established in Lazio and Abruzzo. The aim of the project is to create natural habitats to increase biodiversity, by adopting Japanese botanist Akira Miyawaki's innovative forestry method of creating tiny forests with a high density of native species. This approach facilitates rapid plant growth, the development of self-sufficient ecosystems and increased capacity of CO_2 absorption.

Green space management interventions in support of pollinators

During 2025, an environmental restoration project was completed involving non-operational areas located within or in the vicinity of substations, through vegetation management measures specifically aimed at safeguarding pollinating insects. These interventions are classified as net positive actions and are intended to enhance biodiversity and strengthen ecosystem resilience in response to the decline in pollinator populations driven by climate change and anthropogenic pressures. A total of five interventions were implemented in Lombardy (three sites), Sicily and Basilicata.

Participation in the European LIFE PolliNetwork project

In 2025, the Terna Group further strengthened its commitment to biodiversity protection through participation in the European LIFE PolliNetwork project, funded by the European Commission through the European Climate, Infrastructure and Environment Executive Agency (CINEA). The project, which involves several strategic partners, aims to address the decline in pollinator populations through ecological restoration measures and vegetation management activities focused on habitat restoration. The Terna Group will contribute by implementing interventions at substations and transmission towers located across diverse environmental contexts throughout the national territory, with the objective of transforming these sites, distributed across Italy, into ecological corridors or biodiversity refuges. In particular, the project will focus on three specific taxa, all among the most significant pollinator groups: Apoidea, Syrphidae and Lepidoptera. Within the scope of the project, and in order to assess the outcomes of restoration and vegetation management measures implemented in the project areas, the feasibility of adapting the Terna Ecological Incremental Index to the specific requirements of the project will also be evaluated.

Environmental monitoring for marine cable laying

As part of marine cable laying activities (before, during and after), the water column, sediment, benthic community and seabed components were subject to marine environmental monitoring in 2025, in order to describe and assess the interaction between cables and the related environment. The surveys will be repeated annually to enable the analysis and comparison of biological, chemical, physical and geophysical parameters over time.

Biodiversity offsets in Terna Group projects

The Terna Group makes use of biodiversity compensation measures in accordance with the regulatory principles set out in the policies described above. By way of illustration, the following provides an indicative list of the types of interventions included within its action plans:

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Habitat reconstruction projects carried out in Italy, which may involve areas with newly built and/or demolished supports, substations and construction sites. The relevant design criteria are based on the principles and methods of naturalistic silviculture, which entails the exclusive use of native species, selected in line with the existing vegetation and the environmental conditions of the site, in order to obtain the highest possible level of biodiversity and phytosociological consistency with the surrounding areas. A twofold aim was pursued when selecting revegetation techniques: restore the stages of the dynamic series of the site's potential natural vegetation and, at the same time, guarantee anti-erosive and soil protection functions while limiting colonisation by invasive alien species by grassing all the areas affected by the works. Different types of action are planned and implemented based on the characteristics of the affected area, adopting those that are most suitable for the environmental context. Post-construction maintenance activities which maintain the environmental functions of the area involved also play an essential role. The years of maintenance activities may vary depending on the type of action. Consequently, when used as an indicator, they are always shown/reported/explained in the related contracts. These offsetting projects are currently being planned and designed. Consequently, the quantification of the future resources to be allocated to this activity is currently in progress. For information on the costs incurred in 2025, reference should be made to the following paragraphs.

Olive tree transplantation: the transplantation of protected tree species, such as olive trees, represents a key environmental mitigation technique adopted by the Terna Group. This action is necessary when the site of a converter substation is in an area with olive trees, thereby ensuring the preservation of these valuable plants and safeguarding local biodiversity. Through a carefully managed process of removal and replanting, defined with the support of specialised agronomists, olive trees are relocated using techniques designed to promote their successful adaptation and growth. Each phase of the project, from pruning to relocation, is designed to ensure the vegetative recovery of the trees, thereby contributing to the preservation of the landscape and the protection of biodiversity.
With regard to the financial effects associated with this biodiversity compensation activity, capital expenditure of approximately 1,468,030.16 euro is reported, included under the Consolidated financial statement line item "Property, plant and equipment".

Transplantation of Posidonia oceanica: this represents an environmental mitigation technique adopted by the Terna Group to restore seagrass meadows affected by the installation and routing of submarine cables. This aquatic plant, which the European directives defined as a priority habitat to be preserved, plays an essential role in the marine ecosystem as it protects the coastline from erosion and provides shelter and food for numerous organisms. In order to ensure the protection of biodiversity, the Terna Group transplants and relocates Posidonia oceanica meadows before laying the submarine cable. Each project is carried out by highly experienced and qualified personnel, using consolidated techniques to ensure the highest standards of environmental sustainability. Upon completion of transplantation activities, a conservation and environmental monitoring plan is implemented to track, over time, not only the evolution in the number of Posidonia oceanica shoots within the transplanted areas, but also the condition of the plants and the surrounding environment.

In 2025, direct costs related to the implementation of these interventions amounted to 2,613,480.00 euro. From the infrastructure planning stage onwards, targeted surveys are carried out to identify the most suitable site location, with the objective of minimising ecological impacts. Where, for technical reasons, interference with sensitive habitats cannot be avoided, mitigation measures are implemented through transplantation activities, supported by structured management and monitoring plans.

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Metrics and targets related to biodiversity protection

MDR-T
E4-4

TARGET OF THE 2024-2028 SUSTAINABILITY PLAN

As part of the 2024-2028 Sustainability Plan update, the Terna Group has defined a series of specific targets aimed at assessing the progress made with respect to the protection of biodiversity and the related material impacts and opportunities, also with a view to ensuring a clear path towards achieving the targets identified by the thematic policies adopted by the Group and reported on previously.

Targets of the 2024-2028 Sustainability Plan update - "Creation of shared value" Pillar

TARGET	TARGET BOUNDARY	METRIC AND RELATED UNIT OF MEASUREMENT	BASELINE YEAR / BASELINE VALUE	VALUE 2025	MILESTONE			
					2025	2026	2027	2028
Actions to increase biodiversity near company assets - the Biodotti project	Terna Group	*No. of projects to enhance biodiversity on existing supports*	2021 0	17	20	25	30	40
Continuation of the programme to remove obsolete overhead lines in line with the Industrial Plan	Terna Group	*Kilometres of obsolete overhead lines removed**	2023 89	155.1	153	313	468	598

** Please note that the data shown for each year up to 2028 is cumulative.*

It should be noted that the number of biodiversity enhancement interventions carried out on existing transmission towers amounted to 17 in 2025, consistent with the level recorded in 2024. It is further noted that the target set for 2025 was to achieve 20 interventions. The remaining three planned interventions have been postponed to 2026.

For completeness, it should also be noted that in 2024, 69.6 km of obsolete overhead lines were dismantled, compared with the 103 km initially planned. The shortfall against the original forecast, primarily attributable to delays in permitting procedures and scheduling shifts, resulted in the postponement of certain demolition activities to 2025, bringing the total length of lines removed in that year to 85.5 km. The 2025 value reported in the table represents the cumulative results achieved over the two previous years: 2024 (69.9 km) and 2025 (85.5 km). In the presentation of the plan trajectory, annual milestones are expressed on a cumulative basis, with each value indicating the overall planned progress up to the relevant reference year, culminating in the cumulative target of 598 km scheduled to be achieved by 2028. For completeness, the annual monitoring milestones are set out below: 2024 (103 km); 2025 (50 km); 2026 (160 km); 2027 (155 km); 2028 (130 km).

The above targets were processed and represented, for the first time, in the 2024-2028 Sustainability Plan, the first integrated with the Industrial Plan. The updated Sustainability Plan, whose guidelines were shared at the Sustainability Governance and Scenarios Board Committee and also represented within the Industrial Plan document submitted to the board of directors, did not require any particular changes in terms of metrics or methodologies for these objectives.

The targets related to the protection of biodiversity and ecosystems also show the Group's broader approach to this topic covered by the relevant Policies. The Biodotti initiative and the removal of obsolete overhead lines are fully consistent with the principles of "No net loss" of biodiversity and, where feasible, "Net Gain," and are aligned with the mitigation hierarchy underpinning the Group's Biodiversity Commitment, the Integrated Management System Policy, and the Guideline on the Strategic Environmental Assessment of the Development Plan.

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As part of the definition of targets and initiatives, the priorities identified by the Double Materiality and environmental assessment carried out in order to maintain the ISO 14001 certification were considered. No further specific ecological thresholds were considered. In this respect, developments are possible based on the Group's path towards the adoption of a **Science-based Target for Nature** (included in the targets of the 2024-2028 Sustainability Plan) in line with the Science Based Targets Network (SBTN) methodology.

The SBTN methodology also provides a framework that is consistent with global and regional biodiversity policies and regulations, including those established by COP15 and the EU Biodiversity Strategy for 2030, enabling companies to set science-based and measurable biodiversity targets. In pursuit of this objective, in 2025 the first two preparatory phases required by the methodology were completed, with SBTN certification scheduled as a milestone for 2026. This initiative aims to establish a target based on a certified scientific methodology designed to minimise environmental impacts.

Biodiversity-related targets are linked to the impacts identified as part of the Double Materiality assessment and are also tools for mitigating changes to biodiversity and enhancing the positive effects related to the initiatives undertaken by the Group. Specifically, the physical removal of obsolete lines is one of the rehabilitation and restoration ways used by Terna to reduce environmental impacts, also in terms of land use. Increasing biodiversity through habitat creation initiatives includes the various activities promoted by the Group, such as the Tiny Forest project and the 'Biodotti' project, for the performance of specific actions in the agricultural/natural areas hosting the pylons shown in the above table. In particular, the 'Biodotti' target shows the Group's commitment to improving and increasing biodiversity, also going beyond the logic of the mitigation hierarchy. It should be noted that, in defining the objectives set out in the table above, the Group did not apply offsetting mechanisms.

The target associated with the Biodotti project was established on the basis of the total number of pylons existing as at 2021 and located in agricultural or natural areas. In particular, in order to identify them, local information systems were used, followed by subsequent specific analyses on company asset databases. Based on this set, the pylons to be involved in the design and implementation projects to enhance biodiversity are identified through joint comparisons and checks against the NTG. These projects include different types of activities which are defined on the basis of the characteristics of the site. These include, inter alia: restoration of shrub cores, creation of artificial hibernacula, inclusion of flowering shrubs and hedges, spreading of flowering plants, creation of reservoirs, reconstruction and restoration of dry stone walls and placement of bat boxes or bird nesting boxes. The final total number of existing pylons located in agricultural or natural areas subject to biodiversity enhancement measures will amount to 40 by 2028.

With respect to the target concerning the definition and adoption of an SBTN target, the analysis aligned with the methodology of the Science Based Targets Network framework is currently underway. The adoption of a SBTN will enable the company to set a scientifically based and certified target for reducing the Terna Group's impact on nature, further strengthening its position towards a net positive impact. These targets also drive the Group's actions in line with recent European regulatory developments.

The target related to the removal of obsolete overhead lines is set in accordance with forecasts based on the planned undergrounding and decommissioning activities. Demolition activities depend on the technical implementation of other projects (such as the undergrounding of cables) and on the technical confirmation of feasibility. This flexible approach also implies possible modifications to reflect new technical solutions or changes in local conditions.

These targets also drive the Terna Group's actions in line with recent European regulatory developments and, in addition to considering the main international frameworks (e.g. EU Biodiversity Strategy for 2030 and UNI ISO 14001:2023, GRI), they also consider the requests of the various rating agencies specialised in sustainability topics. With regard to the process for defining and updating targets, monitoring the related performance, and engaging employees, reference should be made to the section "The strategy – 2024-2028 Sustainability Plan update".

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E4-5

Metrics relating to biodiversity protection

In order to monitor the effectiveness of the actions undertaken in relation to biodiversity protection, as well as their contribution to achieving the objectives established under the relevant policies, the Group has defined measurement metrics relating to its sites, as detailed in the following paragraph. These metrics refer to activities associated with the Transmission and Dispatching of electricity.

BREAKDOWN BY GEOGRAPHICAL AREA - POWER LINES IN PROTECTED AREAS*	U.M.	2025	2024
North-east	km	933.4	914.2
North-west	km	1,189.6	1,163.1
Centre	km	1,568.7	1,558.6
South	km	2,209.0	2,191.2
Islands	km	898.1	882.1
Marine cables	km	567.1	567.1
Total	**km**	**7,365.9**	**7,276.2**

** Data are calculated using additional decimal places but rounded to the nearest whole unit.*

BREAKDOWN BY GEOGRAPHICAL AREA - SUBSTATIONS IN PROTECTED AREAS	2025		2024	
U.M.	N°	HECTARES	N°	HECTARES
North-east	3	2.9	3	2.9
North-west	2	1.9	2	1.9
Centre	6	16.4	6	16.4
South	19	28.1	19	28.1
Islands	4	3.1	4	3.1
Total	**34**	**52.4**	**34**	**52.4**

The data presented in the table were derived by cross-referencing asset inventory data extracted from the SisNet system with the official EUAP areas (Official List of Protected Natural Areas) obtained during the reporting year.

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Promoting the circular economy [ESRS E5]

E5 | IRO-1

Impact, risk and opportunity management relating to the promotion of the circular economy

The Double Materiality Assessment considered the direct and indirect impacts of the Group's activities related to resource use and the circular economy. To begin with, the analysis of internal and external documents takes place, considering environmental analyses such as the **Life Cycle Assessment** with EF 3.011 methodology promoted by the European Commission[88], the **environmental impacts of overhead lines, cable lines** and **substations** are assessed **throughout their life cycle**, including **downstream impacts**. A series of impacts related to the topics and sub-topics indicated by the ESRS standards were then identified. The impacts identified were therefore submitted to the relevant company functions and external stakeholders, who assessed their relevance in terms of significance and likelihood.

SUMMARY OF MATERIAL IMPACTS, RISKS AND OPPORTUNITIES ON THE CIRCULAR ECONOMY

IMPACTS, RISKS AND OPPORTUNITIES	REFERENCE SUB-TOPIC
Negative impacts	
Increase in the amount of waste generated e.g. due to the extension of business activities	Waste
Increased resource utilisation, e.g. due to the extension of business activities	Resource inflows, including resource use

MDR-P
E5-1

POLICIES RELATED TO THE PROMOTION OF THE CIRCULAR ECONOMY

Aware of the relevance of topics related to the Circular Economy, and in line with the provisions of ESRS E5 and the outcomes of the Double Materiality Assessment, the Terna Group has defined an integrated system of policies to support the management of impacts, risks and opportunities associated with the efficient use of resources, waste prevention and management, and the extension of asset life cycles.
These policies, adopted in compliance with the applicable regulatory framework and with leading practices in circularity and sustainable materials management, are periodically updated in line with developments in the regulatory, technological and market context, as well as evidence emerging from stakeholder engagement activities.
The full set of policies is summarised in the section "Terna Group's policies for the management of impacts, risks and opportunities", within the "General disclosures" section.

The information set out below provides details contained in these policies that are directly related to the material topic addressed.

Terna Group's Integrated Management System Policy

In order to identify, assess, manage and/or remedy its material impacts, risks and opportunities related to the circular economy, the Terna Group adopted the Terna Group Integrated Management System Policy[89], under which it undertakes to comply with the requirements of the **Environmental Management System** in accordance with **UNI EN ISO 14001:2015**. Indeed, the Terna Group undertakes to devote particular attention to waste management, promoting disposal oriented towards material recycling, in line with circular economy principles. This transition is the main reference for waste hierarchy.

Circular Economy Strategy

For the Terna Group, the Circular Economy Strategy, defined in 2022 and adopted in order to address and manage material impacts on resource use and the circular economy, is a further contribution to the transformation process underway to establish a new economic model that respects natural capital. Indeed, it is applied to all the Parent Company's direct subsidiaries and is a benchmark value for all the other Group companies.

[88] This method is based on a set of standardised environmental indicators covering several impact categories, including those related to nature and biodiversity. Impacts are assessed using specific models and characterisation factors that consider environmental pressures such as land use change, pollution, climate change and resource extraction.
[89] For further information regarding the "Terna Group's Integrated Management System Policy", reference should be made to the section "Terna Group's policies for the management of impacts, risks and opportunities" within the "General disclosures" section, as well as to the section "Policies related to climate change" within the "Environmental information" section.

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The Circular Economy Strategy is aligned with key international regulations and initiatives, including the European Union's Circular Economy Action Plan and the Sustainable Development Goals. Furthermore, it is consistent with the guidelines set by environmental management standards, such as the ISO 14001 standard.

The definition of the strategy considered potential collaborations with some key stakeholders, in particular by involving the supply chain to identify circularity solutions applicable to materials. In addition, the Company engages in dialogue with institutions and associations that promote sustainability such as Sustainability Makers and Global Compact, in order to reflect any changes in the regulatory framework and industry best practices. At the methodological level, the Circular Economy Strategy is aligned with the Long-Term Value Framework (LTV) developed by EY, which identifies long-term value levers through 4 steps:

- establish the business context, purpose and strategy;
- evaluate stakeholder results;
- identify strategic capabilities and value drivers;
- develop metrics for long-term value.

The LTV framework has been integrated with two other standards: British Standard 8001:2017 and Circulytics. BS 8001:2017 is a voluntary standard which provides a set of requirements for implementing circular economy principles within an organisation. Specifically, it is based on six principles to assesses an organisation's circular economy maturity: Systemic Vision, Innovation, Governance, Collaboration, Optimising Value and Transparency.

Circulytics is a methodology that measures a company's performance in terms of circular economy along two dimensions:

- enablers, i.e. the enabling factors that a company can adopt to effectively manage the transition to a circular economy model. These enable the definition of strategic circularity priorities and the development of systems and assets to support circular economy activities by capturing a company's circularity potential;
- outcomes, i.e. topics that measure the current level of circular economy controls at company level in relation to: flows of material, water, energy, service and product design or procurement, decommissioning of plants, property and capital goods.

Furthermore, the Circular Economy Procurement Framework was used as a reference for the definition of the strategy. This is the most authoritative standard on the topic and was developed by the Ellen MacArthur Foundation to help companies start circular economy initiatives in their procurement process. The framework provides an overview of actions that organisations can implement to improve the circularity of their procurement choices and engage their suppliers in circular economy conversations and collaborative circular partnerships.

With this programme, launched at the end of 2021, the Company is pursuing the objective of integrating circularity into the business model to strengthen its sustainability, and also extending it to its supply chain.

In 2022 it drew up the Circular Economy Strategy and subsequently set out the Roadmap of actions through to 2030 for the procurement of materials and their correct use, the sustainable use of resources, including secondary raw materials, and the management of waste.

The reference framework is based on four pillars – each related to a phase of the Group's operating cycle (including Non-Regulated Activities) – which respond to the need to focus each circularity action in the company to a specific business area, namely:

- Procurement;
- Asset management:
- Operation of the electricity grid;
- The disposal of assets.

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The above enabling factors, being those elements essential to effectively manage the transition to a circular economy model, are as follows:

1) **systemic vision:** the organisation's vision of the circular economy and the integration thereof into business processes;
2) **innovation:** integrating circularity into innovation processes;
3) **governance:** integration of circular economy principles into the corporate decision-making and strategic structure;
4) **collaboration:** establish collaborations inside and outside the company in order to create value and operate with a circular approach;
5) **optimising Value:** maximise the value of company assets throughout their lifetime;
6) **transparency:** communicate its circular economy initiatives within and outside the company;
7) **performance assessment:** measure actions and targets related to the circular economy.

The Circular Economy Roadmap is based on this strategic vision and establishes initiatives and actions designed to embed the concept of circularity within the Terna Group's business model. The Roadmap covers the period through to 2030 and is aligned with the 2024-2028 Sustainability Plan, which has been integrated with the 2024-2028 Industrial Plan. The progress towards the expected targets is subject to structured monitoring in order to identify any deviations and, consequently, implement corrective actions.

The targets of the Strategy set out in the Circular Economy Roadmap are as follows:

- develop a culture of circularity throughout the organisation and to protect our planet while ensuring business continuity;
- reduce the use of raw materials, specifically non-renewable and non-recyclable materials that have a strong impact on health and the environment;
- create a supply chain that respects circularity criteria in its business;
- define structured design and management to minimise the resulting environmental impacts;
- facilitate the country's energy transition to RES through asset development activities;
- develop solutions that support the energy transition of the system and enable the smart exchange of energy with the grid;
- reduce the GHG emissions released due to the dispersion of gases with a high global warming potential;
- increase the reuse of assets and the use of waste;
- create a supply chain based on the optimisation of reuse and recycling to minimise externalities and negative impacts, in order to avoid sending the waste produced to landfills;
- preserve the ecosystems in which the business operates by maintaining the current levels of biodiversity and avoiding the depletion and further consumption of land.

Therefore, with respect to governance and the integration of the processes related to the procurement of materials and their correct use and the sustainable use of resources, including the use of secondary raw materials and waste management, the adoption of the Circular Economy Roadmap plays a crucial role for the organisation.

Targets are broken down into actions with a final deadline and maximum internal responsibility for their implementation to achieve the relevant goals. Responsibility is often shared between two or more departments, thereby promoting synergies between different organisational structures.

Each action is matched to one or more KPIs, i.e. the performance indicators that measure the implementation of the actions through the identification of targets. In this respect, in order to constantly improve and progressively align with developing business needs, new regulations and best-practices in the sector, the Roadmap is a dynamic tool, which is revised and expanded over time, also on the basis of the results obtained during monitoring of the progress of the initiatives towards achieving the expected targets.

The programme, formally adopted in early 2023, was also subject to specific induction during which the Group's Head of Procurement, Head of Sustainability and CRO submitted the actions necessary to integrate circularity into Terna's business model to the Board of directors, Board of Statutory Auditors and Chief Executive Officer.

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The implementation of the Circular Economy Roadmap is based on the synergy between the above company departments and, as already mentioned, is aligned with the main European and national circularity initiatives. Monitoring supports the achievement of the targets within the established timeframe and is the responsibility of the HSEQ-AMB structure. The definition process involved internal and external stakeholders, taking into account sector best practices and regulatory benchmarks. Its success also depends on the **collaboration with the supply chain and other actors in the supply chain**, which must integrate circularity principles into their processes and procurement activities. This document is regularly updated and, therefore, is a dynamic tool which can adapt to changing legislation and business needs.

"Waste management within Terna Group companies" Operating Instruction

This company policy document aims to define the operating procedures to be adopted for proper waste management and applies to Terna S.p.A., Terna Rete Italia S.p.A., Terna Plus S.r.l., Terna Energy Solutions S.r.l. and Terna Crna Gora d.o.o. The other Group subsidiaries must also refer to it, while retaining their own responsibility for operational waste management.

The organisational matrix for environmental management, including waste management, is consistent with that for security management as the company's structure provides for separate Production Units (PUs), the heads of which individually represent the company to the extent of their remit (in brief, the "Employer").

In addition to that described in relation to the Circular Economy Roadmap, in particular with respect to waste management and material recycling, various tools for monitoring and managing activities are in place. These include the quarterly assessment of the targets assigned to each department and the annual monitoring of environmental data, specifically in relation to waste, in accordance with the **"Definition and data collection for environmental indicators"** Operating Instruction. In order to ensure effective waste management, the Terna Group has designated a waste manager who is responsible, inter alia, for the correct classification and characterisation of waste and for managing temporary storage.

ACTIONS RELATED TO THE PROMOTION OF CIRCULAR ECONOMY

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E5-2

In the course of its activities, the Terna Group implements a series of actions aimed at preventing, mitigating and correcting its material impacts related to the promotion of circular economy, in line with the principles and targets of the policies adopted and described earlier.

In 2025, the Terna Group continued to monitor the Roadmap of Actions to 2030 relating to the Circular Economy Strategy for the procurement of materials and their proper use, sustainable use of resources including secondary raw materials, and waste management.

Based on the area under consideration, the actions implemented during the 2025 reporting period are described below.

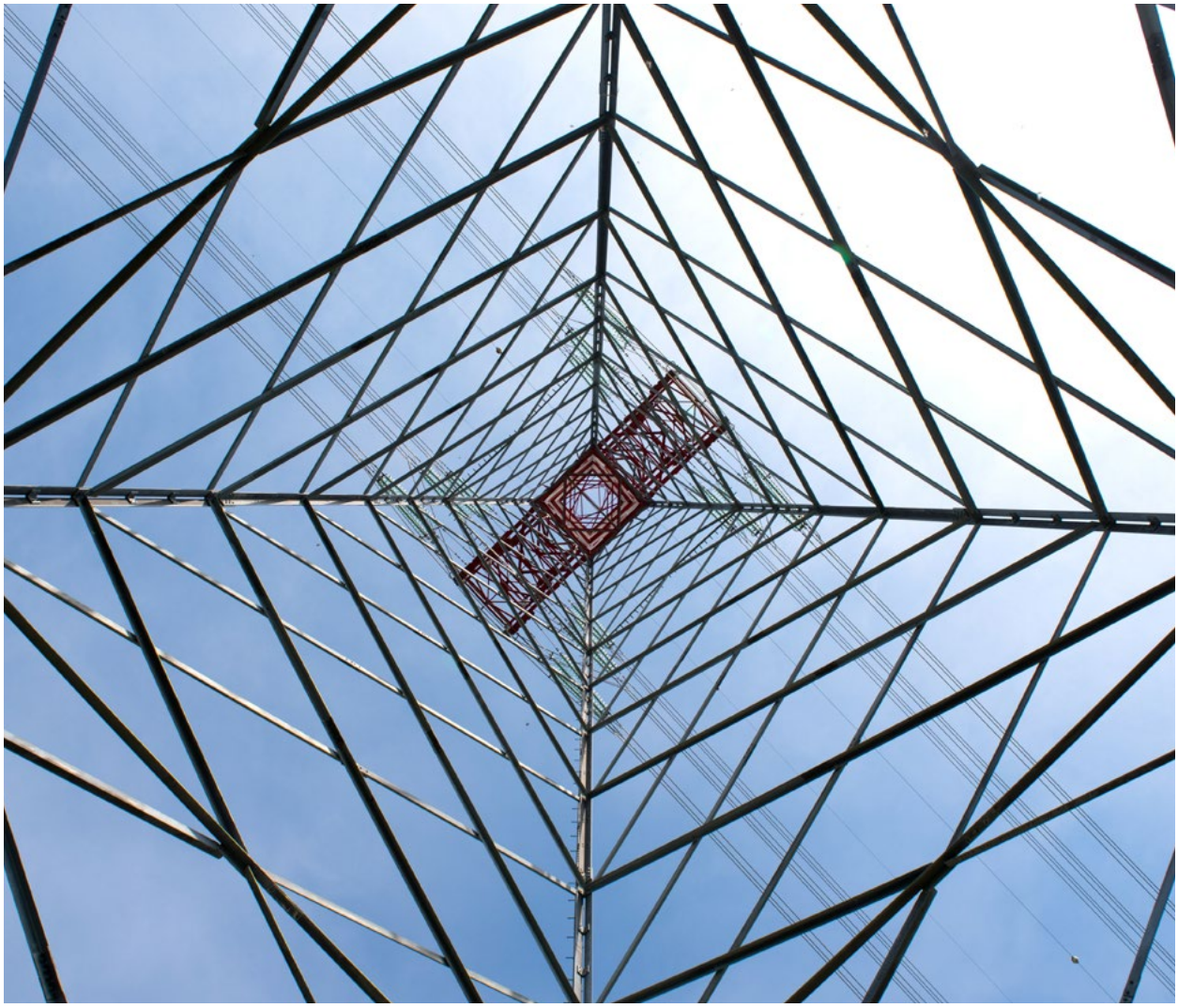
Resource inflow, including resource use

Complete survey of supplies containing secondary raw materials for asset composition

The development and maintenance of the NTG requires an important supply of power line assets (pylons, conductors, insulators), transformer substations (transformers, circuit breakers, other substation equipment) and control systems.
Terna does not purchase raw materials, only finished products (electrical equipment, conductors, tools and other components). The materials include steel (pylons), aluminium and copper (conductors and cables).

In order to **identify supplies which included secondary raw materials**, an initial market survey was conducted in 2023 to identify suppliers that use environmentally high-performance goods for power lines, underground cables and substation components, an initiative that was repeated in 2025. Therefore, the analysis covered the asset procurement phase (upstream value chain) and involved the main suppliers operating in the electricity sector. The survey showed a certain maturity in terms of meeting specific requirements and investment in improving environmental performance in production cycles.

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The information gathered from the market survey, in particular the percentages of raw materials comprising various assets, was subsequently used for an initial estimate of the percentage of recycled raw material use in supplies purchased during 2024.
The estimate was updated in 2025 by calculating the percentage of by-products/secondary raw materials used in supplies with reference to 2024 purchases, which stands at approximately 11%.
The supplies considered for the calculation mainly relate to the composition of the assets listed above, and the materials with the highest share of by-products/secondary raw materials are steel, aluminium and copper.

Detailed study of energy and material flows used to perform Terna Group's core business and periodic measurement of corporate circularity with KPIs and specific tools

Assessing the circular economy is a new and complex process that often involves many actors and requires a considerable amount of data.
Circular economy is found in multiple aspects of the production cycle of goods or services and is now defined by a sound regulatory framework, established at European level by the **Circular Economy Action Plan and at national level by the National Strategy for the Circular Economy**. Furthermore, the first technical specification for measuring the circularity of a company was published in 2022 (**UNI TS 11820**; updated in 2024).

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The study on energy and material flows was conducted in 2024 and focused mainly on the grid assets managed by Terna Rete Italia S.p.A.. It covered the upstream value chain, analysing 2023 stocks of materials comprising grid assets, and the downstream supply chain, examining the residual useful life, hence, the future needs in terms of replacement of assets and materials to be included in the disposal/recovery cycle.
During 2025 an update was also carried out with the aim of expanding its scope.

Specifically, the following actions were undertaken:

1. compared to the mapping carried out in 2024, update the number of substation assets and AC power line assets, and the related distribution of technical life;
2. map substation assets and DC power line assets in terms of asset type and number, type and quantity of materials contained in each asset, expected technical life and distribution of technical life;
3. extend the scope of the mapping to the companies of the Brugg Cables Group and the Tamini Group, analysing their inputs in terms of purchased materials and outputs in terms of assets sold (2024 actual), both in terms of type and number and materials contained.

The geographical scope of the action was therefore extended to the countries where the above-mentioned subsidiaries operate, and the focus was broadened to include the assets managed by them. The stakeholders involved include both internal functions (purchasing, engineering, environmental management) and external actors, such as suppliers and academic partners, with which it collaborates to develop advanced circularity measurement methodologies.
The circularity level was calculated using a specially developed tool and took into account a number of indicators refined in 2025 to improve the representativeness of the figure. The measurement carried out in 2025 expanded the involvement of various company areas and stakeholders, in order to consolidate a structured approach to circularity management. Specifically, data were considered from the perimeter and from suppliers of Terna S.p.A.'s main assets, including the Brugg Cables Group and the Tamini Group companies.

UNI/TS 11820:2024 provides a set of indicators applicable to products and services, and in some cases across both categories.

In the analysis carried out in 2025, product-related indicators were excluded, and the measurement scope was defined with reference to Terna S.p.A. in its role as TSO and therefore as a service provider.
The indicators for the calculation of circularity, defined and developed based on the UNI TS 11820 technical specification, adapted to the business context, considered the results of the analysis of energy and material flows, in addition to a series of additional information such as percentages of sorted waste, energy classifications of all buildings, assets and infrastructures that provide for circular end-of-life management solutions, secondary raw material inputs from recycling and/or recovery and/or by-products.

The measurement carried out in 2025 with reference to 2024 showed a value of approximately 43%. This value derives from the processing of 41 indicators out of the 54 available overall for service companies. 51% of the indicators (21) considered have a value below 30% (17 have zero values), 15% have values between 30% and 60%, and 14 indicators (the remaining 35%) have values above 60%.

SF_6 gas regeneration

At the end of 2020, the Closed Cycle Management of SF_6 project was launched, aimed at managing the entire life cycle of SF_6 gas during ordinary and extraordinary plant maintenance operations, in collaboration with Synecom, a company specialised in the closed cycle management of regenerated SF_6 gas.
This activity, which is aimed at reducing greenhouse gas emissions and is already in place, resulted perfectly in line with the targets set by the Terna Group in 2023 in the Circular Economy Roadmap during the circularity analysis. Therefore, it was included therein. The action covers the entire lifecycle of SF_6 gas within the grid operation, covering: the supply of regenerated SF_6 gas to replace new gas, reducing the need for new production and the related emissions (upstream chain); the treatment of decommissioned SF_6 gas, which was previously disposed of through thermal destruction and now, thanks to the project, is treated in accordance with a regeneration process and reintroduced into the operating cycle (downstream chain).
Before the launch of this collaboration, SF_6 gas disposed of during routine and extraordinary maintenance, due to it no longer functioning as an insulator, was sent for final disposal (thermal destruction) and replaced with new gas. Both the production of new SF_6 gas and the disposal of

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the old gas result in leakages and, therefore, greenhouse gas emissions into the atmosphere. The regeneration thus enables a doubling of the reduction in CO_2 equivalent emissions. In detail, according to Synecom, the emissions saved for each kg of SF_6 not produced from new (because regenerated gas is purchased) are between 3 and 8% (average loss rates for production plants). The emissions saved for each kg of SF_6 not thermally destroyed are estimated between 2% and 4% (average loss rates of thermal destruction plants) according to the emission factors indicated in the International Panel on Climate Change (IPCC). The average percentage of avoided emissions with the same amount of non-produced and non-destroyed new gas is 8.5% (5.5%, up 3%).
This action covers Italian plants. During the four-year period 2021-2025 approximately 44,194 kg of SF_6 gas was regenerated, preventing the leakage into the atmosphere of approximately 3,756 kg (resulting from the sum of the leakage during production of new gas and the disposal of disused gas) which, based on the 8.5% average between non-production and non-destruction, amounts to 91,271 tonnes of CO_2 equivalent avoided.
In the Circular Economy Roadmap, a target was set of regenerating 57,000 kg of SF_6 gas by 2028. The target has been calculated taking into account the average quantity of gas regenerated annually to meet with Terna's needs, i.e., the kilograms of SF_6 gas disposed of. Furthermore, to promote the use of regenerated gas, the Company introduced an incentive criterion in procurement tenders favouring the supply of new equipment filled with regenerated rather than virgin gas.

Innovative projects to contain SF_6 leakage

In 2024, Terna S.p.A. and Terna Rete Italia S.p.A. identified an innovative solution that could be tested in order to limit the greenhouse gas emissions related to its core business, with particular reference to the SF_6 gas used in GIS stations.

This solution, which involves the French supplier Mastergrid, uses a metal "cover" that is specifically designed and sized for a particular flange of the GIS system.

Mastergrid's solution was tested during 2025 on a leakage point at the GIS plant in Ceprano (central Italy). Monitoring of the solution's efficiency is ongoing, and to date no further SF_6 gas leaks have been recorded at the flange being tested.

This first test on a single plant is necessary in order to check the effectiveness in terms of containing SF_6 gas leaks.

Should the first test be successful, a large-scale planning process may begin over a medium-term horizon, specifically starting from 2026. This will therefore include the identification of new potential test sites, presumably evenly located throughout the country, and technical-economic assessments preliminary to final adoption.



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Waste

At the end of the normal life cycle of the finished products purchased to expand and maintain the NTG (electrical equipment, conductors, equipment and other elements), the materials comprising such products are recovered for reuse in operations. Only a residual portion is sent to landfill.

Whilst the overall amount of waste produced reflects the timing of equipment replacements, effectual recovery depends on the materials contained in the waste: some of them are easy to separate out and thus reuse (for example, iron parts of pylons). In other cases, it is either too costly or not possible to separate the various parts, above all when dealing with the most obsolete equipment. For these reasons, annual changes in the amount of waste generated and the percentage of waste recycles should not be interpreted as indicating a trend. Monitoring of the waste generated and the means of waste management employed are audited both internally and externally as per ISO 14001 certification requirements, as are the methods of waste disposal, to ensure compliance with existing legislation.

The main special hazardous waste generated by the operation of power lines and substations with high recovery percentages, consists of:

- metal waste. Waste results from the decommissioning of transformers, electrical equipment and machinery that is no longer used and contaminated by hazardous substances;
- batteries. In the event of a blackout, batteries enable emergency generators to be switched on in order to keep the energy transformation and transportation service up and running during emergencies;
- dielectric oils. Used for isolating transformers replaced after periodic transformer maintenance checks.

The waste sent for disposal mainly consists of materials deriving from infrastructure maintenance and cleaning activities (oily emulsions and rags containing solvent oils) and insulating materials containing asbestos, for which no form of recovery is envisaged.

The main actions carried out by the Group during the year in order to pursue the targets set out in its waste management policies are as follows.

Transforming used PPE (clothing, shoes and helmets) into secondary raw materials

Optimising the recycling of waste by transforming Terna S.p.A.'s and Terna Rete Italia S.p.A.'s PPE into second raw materials began in 2021 and remained in place in 2025 as part of the collaboration with ESO Benefit. ESO stands out from other market operators which collect the same type of waste thanks to its expertise in the back-to-work services provided to companies that use PPE, such as work clothes, helmets and shoes. The service provides for the collection and recycling of PPE that, once worn out and having reached the end of its life cycle, is sent to a recycling process. The back-to-work service enables companies to optimise their separate waste collection, transforming waste into new resources and adopting good corporate social responsibility practices. In particular, the material collected by ESO and correctly characterised is not finally disposed of by incineration (as is the case for the vast majority of this type of waste). In fact, it is sent to treatment processes that transform it into secondary raw materials (SRM). Specifically, the recycled part of shoes may be transformed into an anti-shock floor which, for example, is particularly suitable for children's playgrounds. The pilot use will be agreed directly with ESO, until 2028, based on the waste recycled in recent years.

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Metrics and targets related to the promotion of circular economy

TARGETS OF THE 2024-2028 SUSTAINABILITY PLAN

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As part of the 2024-2028 Sustainability Plan, the Terna Group has defined a series of specific targets to assess the progress with respect to the circular economy and the related material impacts, also with a view to ensuring a clear path towards achieving the targets identified by the thematic policies adopted by the Group and reported on previously.

Targets of the 2024-2028 Sustainability Plan update - "Sustainable value chain" Pillar

TARGET	TARGET BOUNDARY	METRIC AND RELATED UNIT OF MEASUREMENT	BASELINE YEAR/ BASELINE VALUE	VALUE 2025	MILESTONE 2025	MILESTONE 2026	MILESTONE 2027	MILESTONE 2028
SF_6 gas recovery and regeneration	Terna Group	*Kg of regenerated SF_6 gas*	2021 8,000	44,194	42,000	47,000	52,000	57,000

The above target was developed and set out, for the first time, in the 2024-2028 Sustainability Plan, the first to be integrated with the Industrial Plan. The updated Sustainability Plan, whose guidelines were shared at the Sustainability Governance and Scenarios Board Committee and also represented within the Industrial Plan document submitted to the Board of Directors, did not require any particular changes in terms of metrics or methodologies for this objective. **Note that in 2025, 44,194 kg of SF_6 gas were regenerated** (33,036 in 2024). The Sustainability Plan includes another target which is relevant to resource outflows, namely the 100% recovery of hazardous waste by 2028. For this target, linked to the reference metric "Waste" set out below, no significant milestones were defined within the plan period. However, note that the 2025 value is 97%.
The above targets are consistent with those included in the Circular Economy Roadmap and Terna Group's Integrated Management System Policy, and comply with the UNI ISO 14001 standard. These targets were drawn up taking into account the main international frameworks (e.g. UNI EN ISO 14001:2015) and also take into account the requirements expressed by the various rating agencies specialised in sustainability topics. The target for SF_6 gas was defined based on the projected need for this gas over the next few years. The use of regenerated gas complies with Regulation (EU) 2024/573, which aims to promote the use of regenerated gas rather than new gas. In setting the target of 100% recovery of hazardous waste by 2028, the current regulatory framework and internal waste management practices were considered, in line with the environmental impact reduction objectives.
The target is closely linked to the management of resource inflows and outflows, in line with the principles of circular economy. The use of regenerated SF_6 gas reduces the dependence on new gas, optimising the efficiency of the resources already available. With respect to outflows, the recovery of hazardous waste and, more generally, correct waste management, contributes to ensuring a circular and efficient production model.
In particular, with respect to the waste target, in accordance with the waste hierarchy, reference is made to the recycling stage, while for the recovery of SF_6 gas, the target refers to the first of the five stages of the hierarchy, i.e. prevention. The targets covered by the Sustainability Plan and described herein are voluntary in nature and no absolute priority has been set for their achievement, except for possible milestones in the plan as shown in the table.

With regard to the process for defining and updating targets, monitoring the related performance, and engaging employees, reference should be made to the section "The strategy – 2024-2028 Sustainability Plan update".

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Metrics related to the promotion of circular economy

MDR-M
E5-4

Resource inflows

Terna Group's material resource inflows are those arising from the development and maintenance of the NTG. Non-Regulated Activities and the foreign activities of the Group's subsidiaries are therefore excluded. NTG development and maintenance require a substantial amount of capital goods, such as power lines (pylons, conductors, insulators), transformer substations (transformers, circuit breakers, other equipment) and control systems. Terna does not use raw materials, but does purchase finished products (electrical equipment, conductors, tools and other components). An estimate of the materials contained in the main products purchased is shown in the table below.

MAIN MATERIALS – TONNES*	2025	2024
Steel	22,263	21,020
Aluminium	4,388	9,313
Porcelain	13	9
Copper	3,447	4,490
Glass	1,201	1,686
Dielectric oil	2,272	2,597
of which: vegetable oil	*539*	*314*
Polymers	187	185
Total	**33,770**	**39,299**

** Data are calculated using additional decimal places but rounded to the nearest whole unit.*

	U.M.	2025	2024
Products and technical materials	t	33,231	38,985
Biological products and materials		539	314
Total		**33,770**	**39,299**

The indicator estimates the weight of the main raw materials contained in goods purchased by companies involved in the construction and maintenance of the electricity transmission grid in the reference year.

The analysis is carried out on purchases related to the Group's core business, with reference to supplies for power lines and substations, based on contracts concluded and activation letters issued in the reporting year.

For each relevant supply category (e.g. transformers, circuit breakers), the process includes: determining the total weight of purchased supplies, expressed in tonnes, based on quantities and technical unit weights; assigning material composition, defined with the support of the relevant functions, based on technical data sheets and reference documentation for components; calculating the mass of the main raw materials by applying the technical composition percentages to the total weight of the supplies. The indicator therefore provides an estimate of the tonnes of main raw materials used in supplies purchased during the year.

During 2025, the methods for collecting and calculating data were revised, as updated technical information on the composition of goods became available. This resulted in the recalculation of values as shown above and their presentation also for 2024. In particular, the following reductions are noted between the restated 2024 data and those disclosed in the previous year: porcelain (down 96.8%), polymer (down 55.3%), copper (down 41.2%), glass (down 18.9%) and aluminium (down 3.6%). A significant increase was instead recorded in dielectric oil (up 98.2%), in particular soybean oil (up 72.4%), and an increase in steel (up 27.2%). Overall, a slight increase in the tonnes of main materials in supplies is recorded (up 3.7%).

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As the estimate of the indicator is based on technical data and parameters representative of reference components, the level of accuracy may be affected by the availability of technical information. The uncertainty associated with the estimate is mitigated through the use of qualified available sources and the application of averages and representative parameters consistent with product characteristics. To ensure the consistency and reliability of the estimates, supplies for which sufficiently representative technical information on material composition is available were included in the analysis. Some types of supplies were therefore not included in the calculation of the indicator for the reference year, as they are not yet included in the scope of the model used for estimation or lack all the data necessary to produce a robust estimate.

With a view to continuous improvement, the Group plans to progressively increase the accuracy of the indicator through: extending data collection and analysis processes to other categories of material supplies; increasing the availability of specific data provided by suppliers; and progressively improving knowledge of supply chains.

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Resource outflows

Waste

WASTE DIVERTED FROM DISPOSAL	U.M.	2025 HAZARDOUS WASTE	2025 NON-HAZARDOUS WASTE	2024 HAZARDOUS WASTE	2024 NON-HAZARDOUS WASTE
Preparation for reuse	t	0	483.6	0	1,555.7
Recycling		40.5	2,119.0	1,947.9	8,822.8
Other recovery operations		3,701.3	6,977.1	1,263.0	1,285.7
Total		**3,741.8**	**9,579.7**	**3,210.9**	**11,664.2**

WASTE DIRECTED TO DISPOSAL	U.M.	2025 HAZARDOUS WASTE	2025 NON-HAZARDOUS WASTE	2024 HAZARDOUS WASTE	2024 NON-HAZARDOUS WASTE
Incineration	t	23.0	167.9	51.1	100.8
Landfill		101.3	518.1	72.0	320.3
Other disposal operations		148.0	218.1	240.9	737.4
Total		**272.3**	**904.1**	**364.0**	**1,158.5**

NON-RECYCLED WASTE	U.M.	2025 HAZARDOUS WASTE	2025 NON-HAZARDOUS WASTE	2025 TOTAL	2024 HAZARDOUS WASTE	2024 NON-HAZARDOUS WASTE	2024 TOTAL
Non-recycled waste	t	272.3	904.1	1,176.4	364.0	1,158.5	1,522.5
Total waste	t	4,014.1	10,483.8	14,497.9	3,570.1	12,821.3	16,391.4
Percentage of non-recycled waste	%	6.8	8.6	8.1	10.2	9.0	9.3

A significant variance in waste disposal and recovery methods was recorded due to the change in methodology adopted in 2025. Overall, a reduction in waste generated of 11.6% was recorded, mainly due to the decrease in waste produced by the Altenia Group, which in 2025 reported a significant reduction in non-hazardous waste from EPC (Engineering, Procurement and Construction) activities for the management of third-party photovoltaic plants (plants subject to revamping and newly constructed plants). In particular, these include photovoltaic modules and equipment, such as switchboards and inverters which serve the photovoltaic system. This variation at the Group level was partly offset by an increase in non-hazardous waste of Terna Rete Italia S.p.A., due to the renewal of power line assets.

An improvement was also noted in the percentage of waste recovered, which increased from 91% in 2024 to 92% in 2025.

	U.M.	2025	2024
Total hazardous waste generated*	t	4,014.1	3,570.1
Total radioactive waste generated		0	0

** With regard to 2024, the total amount of waste sent for disposal and recovered differs from the total waste generated due to its temporary storage prior to delivery.*

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Note that the values reported in the tables refer to special waste generated by production processes, and not to waste generated by office activities (municipal waste). During 2025 the methodology for calculating disposed and recovered waste for Group companies operating in Italy was redefined, with the aim of adopting a more precise approach and moving away from estimates. For comparative data, it was not possible to recalculate them using the same methodology, therefore, they correspond to the latest publicly available data in the "Special Waste Report" prepared by the Italian Institute for Environmental Protection and Research – ISPRA. (For further details on the methodology adopted in 2024, see the section Promoting the circular economy – Resource outflows of the 2024 Annual Report). The methodology used in 2025 considers all waste disposal movements reported in the Waste Identification Form (FIR) for the relevant year. With regard to the breakdown of recovery methods, the criterion used distinguishes between **"Recycling"**, which includes operations R2 to R6 and R9, and **"Other recovery"**, which includes operations R1, R7, R8 and R10 to R13. Note that almost all waste is managed under R13, which indicates the operation of **"temporary storage"**, i.e. the preliminary storage of waste destined for a subsequent recovery operation (R1 to R12).

The main special hazardous waste generated in the operation of power lines and substations are metallic waste; batteries, dielectric oils and oily emulsions. Terna Rete Italia S.p.A. generates over 90% of the Group's hazardous waste. The main special non-hazardous waste generated relates to machinery, equipment, supports, conductors, cables and packaging.



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Quality, security and continuity of the electricity service [Entity specific]

Impact, risk and opportunity management related to the quality and continuity of the service

SUMMARY OF MATERIAL IMPACTS AND OPPORTUNITIES RELATED TO THE QUALITY AND CONTINUITY OF THE SERVICE[90]

IMPACTS, RISKS AND OPPORTUNITIES
Positive impacts
Ensuring service quality through continuous infrastructure maintenance and grid adequacy
Risks
Material incident on the European transmission network and subsequent grid separation/power outages
Opportunity
Increase in Terna's remuneration through improved service continuity performance

MDR-P

POLICIES RELATED TO THE QUALITY AND CONTINUITY OF THE SERVICE

With regard to the management and oversight of material impacts, risks and opportunities related to the quality of the electricity service provided, the Terna Group adopts the Terna Group Integrated Management System Policy, the principles of which, in relation to this topic, are set out below.

Terna Group's Integrated Management System Policy

In the context of electricity service quality, the Terna Group Integrated Management System Policy[91] serves as the instrument through which the Group undertakes to:

- ensure adequate quality of the Italian National Transmission Grid (NTG) performance, in particular the efficiency, continuity and security of the electricity service in compliance with applicable requirements (mandatory and non-mandatory);
- comply with the Group Industrial Plan;
- ensure the necessary resources for the planning, implementation, control and monitoring of the Quality Management System.

[90] In line with the outcomes of the update of the Double Materiality Assessment, information relating to the "Quality, security and continuity of electricity service" is material exclusively with reference to electricity transmission and dispatching. The other Group businesses, as they carry out activities other than the provision of electricity services, are not exposed to impacts, risks and opportunities associated with this topic. Therefore, the information reported in this paragraph relates solely to activities falling within the above scope.

[91] For further information regarding the "Terna Group's Integrated Management System Policy", reference should be made to the section "Terna Group's policies for the management of impacts, risks and opportunities" within the "General disclosures" section, as well as to the section "Policies related to climate change" within the "Environmental information" section.

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Moreover, with reference to asset management, Terna S.p.A. and Terna Rete Italia S.p.A. comply with the requirements of the **Asset Management System** and the **ISO 55001:2014 standard** "Asset Management-Management systems - Requirements". Accordingly they undertake to:

- maximise the availability, reliability and useful life of assets, while maintaining security and containing costs, through maintenance and management activities based on the principles of the UNI standards on maintenance;
- comply with the legal standards governing electric and magnetic fields by adopting a prudential principle that considers - when constructing new power lines - the demand for more precautionary measures (which are acceptable if technically feasible, without prejudice to the obligations of continuity, security and cost-effectiveness of the service) and by constantly focusing on the scientific developments affecting this topic, following correct external information and contributing to the balanced understanding of the phenomenon;
- create value: either for customers through the availability and reliability of grid elements; or for shareholders through the optimal preservation of assets throughout their life cycle, the reliability of components and the cost-effectiveness of maintenance activities; or for the community and the environment, by complying with mandatory regulations.

Based on these commitments, as noted above, the Asset Management process complies with the ISO 55001:2014 certification, to guarantee the effectiveness and efficiency of the maintenance process, the renewal of the power lines and substations that form part of the national transmission grid throughout their life cycle and the achievement of high performance levels in terms of reliability and availability. The applicable standard requires the issue of two documents:

- the Strategic Asset Management Plan (SAMP) which "specifies how the organisation's objectives are to be converted into asset management objectives and the role of the asset management system in supporting the achievement of asset management objectives";
- the Asset Management Plan (AMP), which "specifies the activities, resources and timing required for an asset, or a group of assets, to achieve its asset management objectives".

Through the Plant Maintenance Plan (PMA) and the Renewal Plan, the Asset Management plan (AMP) describes the actions to be carried out on the assets forming part of the national transmission grid (NTG) in order to achieve the asset management objectives established by Terna in the Strategic Asset Management Plan (SAMP).

The Asset Management structure is responsible for preparing the Plant Maintenance Plan and the Renewal Plan, and for monitoring their proper implementation. The Departments and the Units, which are the Service Providers of the process, are responsible for the implementation of the plans.
The principles set out in the Integrated Policy are disseminated among employees through internal training initiatives, and among stakeholders by making the document available on the institutional website.

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MDR-A

ACTIONS RELATED TO THE QUALITY AND CONTINUITY OF THE SERVICE

As part of its activities, the Terna Group implements a series of actions aimed at ensuring the efficiency, continuity and security of the electricity service, in line with the principles and targets of the policies adopted and described earlier.

Terna S.p.A. owns almost the entire National Transmission Grid and has entrusted its subsidiary Terna Rete Italia S.p.A. with the performance of all regulated activities, the operation and maintenance of the portion of the National Transmission Grid (NTG) owned by the Terna Group, as well as with the performance of the actions described in the NTG Development Plan and in the Security Plan for the electricity system and all operating activities necessary for the performance of the dispatching and transmission activities entrusted to Terna under concession basis.

Based on the scope of reference, the actions carried out during 2025 and any further initiatives planned by the Terna Group for the coming years, which as noted above are mainly implemented operationally by the subsidiary Terna Rete Italia S.p.A., are described in the paragraphs "The strategy – 2025 Development Plan – Main project in the Development Plan", "The Terna Group's operating performance – Regulated Activities – Progress of the main Development Plan projects", "The Terna Group's operating performance – Regulated Activities – Security and resilience Plan" and "The Terna Group's operating performance – Regulated Activities – Infrastructure maintenance", to which reference should be made.

Financial resources for the implementation of service quality actions

The following table shows the current significant operating expenditure (OpEx) and the capital expenditure (CapEx) related to the main actions implemented by the Terna Group - described earlier and discussed in greater detail in the relevant sections - to manage its impacts and risks related to service quality.

ACTION	CAPEX 2025* (€M)	OPEX 2025 (€M)	LINK WITH FINANCIAL STATEMENTS ITEMS
Development Plan	2,089.1		Property, plant and equipment and intangible assets
Security Plan	439.0		Property, plant and equipment and intangible assets
Renewal of electricity assets	624.2		Property, plant and equipment and intangible assets
NTG plant maintenance and operation		115.0	Raw and consumable materials used – Services – Personnel expenses – Other operating costs

** Amounts include capitalised financial expenses.*

The future financial expenses associated with the actions shown in the table are aligned with the amounts envisaged in the 2024-2028 Industrial Plan update.

Metrics and targets related to the quality and continuity of the service

MDR-T

TARGETS OF THE 2024-2028 SUSTAINABILITY PLAN

As part of the 2024-2028 Sustainability Plan update, the Terna Group has defined a series of specific targets to assess the progress with respect to the quality and security of the service and the related material impacts, also with a view to ensuring a clear path towards achieving the targets identified by the thematic policies adopted by the Group and reported on previously. In particular, for additional information on the target related to the construction of assets to increase the resilience of the National Transmission Grid, reference should be made to the section "Additional targets related to climate change".

MDR-M

TARGETS RELATED TO THE QUALITY AND CONTINUITY OF THE SERVICE

In order to monitor the effectiveness of the actions taken in relation to the quality and continuity of the service, as well as their contribution to achieving the targets that the Group has set as part of its relevant policies, Terna has defined the metric relating to "Revenue and costs relating to quality of electricity service", included under the paragraph "Continuity and quality of service" within Regulated Activities in the section "The Terna Group's business", to which reference should be made.

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Social information

Own Workforce [ESRS S1]

S1 | SBM-2
S1 | SBM-3

Impact, risk and opportunity management relating to own workforce

The quality of human capital is fundamental for the Terna Group's growth and to foster value creation over time. People, with their training, the skills they have developed over the years, managerial skills, motivation, loyalty and sense of belonging, are central to all company activities. Moreover, they are individuals whose rights must be respected and valued. Its **People Strategy** pursues the objective of putting **people at the centre** of an ecosystem characterised by **mutual respect**, **inclusiveness**, widespread **well-being**, a sense of **responsibility** and results orientation. This vision drives the company's cultural change, which is implemented through initiatives and tools aimed at promoting more efficient ways of working, developing skills, valuing merit and measuring performance with a continuous improvement approach. Dialogue with the workforce is developed within a well-established system of industrial relations, which includes the involvement of trade unions, and through regular initiatives for direct dialogue with employee, such as online surveys, focus groups and other internal engagement activities. This approach makes it possible to integrate the interests and opinions of employees into the company's activities. In this way, each person has the opportunity to contribute to the collective growth and achievement of company goals.

The material impacts on Terna's own workforce, identified through the Double Materiality Assessment, derive directly from the Group's approach to its people, in line with its People Strategy, and are also influenced by the strength of its business model. In particular, impacts include benefits related to **secure employment**, the adoption of **measures that improves working conditions**, such as collective agreements that ensure rights and adequate wages, and the promotion of **welfare** and **work-life balance policies**. These positive impacts are supported, on the one hand, by the context in which the Group operates, and, on the other hand, are further enhanced by the Group's focus on people's well-being, promoting mutual commitment for collective growth. As far as the **enhancement of skills** is concerned, it is reflected in a strategy that encourages continuous training, the updating of skills and the anticipation of change. By investing in emerging skills and fostering more effective ways of working, including through the use of technology, the Group aims to enhance merit, accelerate organisational growth and achieve excellence in results.

Respect for human rights and the promotion of diversity and inclusion are also central, as emphasised in the Diversity, Equity & Inclusion Policy, which translates into concrete initiatives to **reduce the gender pay gap** and foster an inclusive and safe working environment. In addition, the **focus on employee health and safety** considers the risk of accident events through prevention activities and initiatives to improve psychological and physical well-being, and is integrated into the company model, which also includes performance objectives for management related to safety.

The company's strategy also aims to address the dependencies associated with the availability of a suitable workforce to enable the realisation of the objectives of the Industrial Plan. To this end, **employer branding** initiatives and collaborations with schools and academia are undertaken, along with policies aimed at boosting and developing skills and **internal mobility**, adopting measures to ensure training and development of the necessary skills, as well as workforce management through a **performance evaluation system** and **opportunities for professional growth**.

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The **opportunities** related to **attractiveness in financial markets**, arising from the **strategy of reducing the gender pay gap** and **promoting inclusion and diversity**, are directly linked to workforce impacts, as a fair and inclusive working environment contributes to the improvement of the Group's reputation capital in the long run. Putting its people at the centre, generating positive impacts through the promotion of inclusiveness and the improvement of staff well-being, translates into an opportunity to attract and retain talent, while also contributing to strengthening its competitiveness in the market.

The impacts involve the entire own workforce, broken down by the types of contract presented in the paragraph "Metrics related to the workforce"[92]. The negative impacts identified relate to potential unlawful use of employees' personal data and to individual incidents linked to injury events that may potentially involve the workforce. The assessment within the Double Materiality Assessment also took into account the performance of previous years and the analysis of types of accident. Note that the main causes recorded relate to "impact, crushing and cutting", mainly associated with operational activities.

SUMMARY OF MATERIAL IMPACTS, RISKS AND OPPORTUNITIES ON OWN WORKFORCE

IMPACTS, RISKS AND OPPORTUNITIES	REFERENCE SUB-TOPIC
Positive impacts	
Employment security guaranteed by industry collective bargaining agreements for Group employees (e.g. percentage of permanent contracts for Group employees)	Working conditions
Improvement of employees' working conditions through the stipulation of company agreements guaranteeing adequate working hours and wages	
Contribution to improving employees' mental and physical health through dedicated company initiatives (e.g. HSE screening)	
Widespread employee confidence in employee consultation and participation mechanisms	
Contribution to the improvement of employees' working conditions through the adoption of measures exceeding regulatory requirements, implemented through a National Collective Bargaining Agreement (CCNL)	
Increased HR welfare through the implementation of social dialogue systems, corporate welfare and the development of work-life balance policies	
Reduction of the gender pay gap ensured by a meritocratic assessment system	Equal treatment and opportunities for all
Increased personnel skill development through initiatives aimed at improving internal and external employability, including through a periodic performance review system	
Promotion of employee inclusion and health and safety (e.g. measures to combat violence and harassment in the workplace; personnel awareness-raising measures)	
Negative impacts	
Accident events among Group employees	Working conditions
Misuse of employees' personal data	Other work-related rights
Risks	
Injuries / accidents to the detriment of employees, contractors and subcontractors	Working conditions
Opportunità	
Increased attractiveness in financial markets due to the gender pay gap reduction strategy	Equal treatment and opportunities for all
Increased attractiveness in financial markets thanks to the inclusion and diversity promotion strategy	

[92] Specifically, for information relating to types of contract, see the tables "Characteristics of the undertaking's employees" and "Characteristics of non-employee workers in the undertaking's own workforce".

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MDR-P
S1-1

OWN WORKFORCE POLICIES

Recognising the central role of its own workforce and the importance of a structured, continuous approach to the related topics, as identified through the Double Materiality Assessment, the Terna Group has adopted a comprehensive system of policies to support the management of impacts, risks and opportunities relating to the Group's people.

These policies, defined in compliance with applicable labour laws and leading practices in human resource management and development, health and safety protection, inclusion and skill improvement, are periodically updated in line with developments in the regulatory and organisational context and with insights arising from stakeholder engagement activities.

The full set of policies is summarised in the section "Terna Group's policies for the management of impacts, risks and opportunities", within the "General disclosures" section.

Below is the information contained in these policies that directly relates to the Terna Group's workforce.

Code of Ethics

The Code of Ethics[93] defines the values of loyalty, integrity, transparency and responsibility that guide the Group in its relations with all stakeholders. With specific reference to its own workforce, the Terna Group bases its relationship with employees on respect for the human person, safeguarding their physical integrity and moral dignity. In particular, it undertakes to:

- exercise hierarchical and organisational authority in a balanced manner and without abuse;
- disseminate and consolidate an employee health and safety culture based on risk awareness and prevention, including ensuring that workplaces are safe, healthy and decent;
- value its human resources by providing everyone, in a clear and accessible manner, with the information and training needed to do their job;
- reward individual ability and merit without discrimination caused by other factors;
- avoid any discrimination based on the age, gender, sexuality, health status, race, nationality, political opinions and religious beliefs of their stakeholders;
- respect workers' right to form representations, recognising the role of the most representative trade union organisations;
- refrain from condoning behaviour of systematic discrimination, humiliation, psychological violence or isolation towards co-workers or colleagues, irrespective of the reasons behind it;
- refrain from tolerating sexual harassment or behaviour or speech of a sexual nature that may offend a person's sensitivity;
- remove physical barriers that impair the possibility or ability of persons with disabilities to work;
- treat its employees fairly and with respect for their rights, choosing them only on the basis of their skills and abilities matching the company's needs, in compliance with equal opportunities policies.

In addition, the Group's commitment to managing the impact of "Privacy" in the context of the Code of Ethics is embodied in the following principles:

- not disclosing information concerning the Terna Group's business to the outside world. In particular, not allowing confidential information to come to the knowledge of people outside the company or other than the personnel authorised to process it;
- protect the privacy of individual employees;
- adopting policies that specify what information is requested and how it is processed and stored. With reference to these policies, they include the prohibition to disclose/disseminate personal data without the data subject's consent;
- conducting personnel administration with accuracy and confidentiality of personal data, making the selection criteria adopted transparently available, within the limits of confidentiality considerations, to those concerned.

[93] For further information regarding the "Code of Ethics", reference should be made to the section "Terna Group policies for the management of impacts, risks and opportunities" within the "General disclosures" section, as well as to the section "Policies relating to corporate culture and business conduct" within the "Governance information" section.

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Guideline "Respect for Human Rights within the Terna Group"

Alongside the Code of Ethics, the Group has adopted the Guideline "Respect for Human Rights in the Terna Group"[94]. The Group's main commitments concern the following areas:

- **Forced labour and child labour:** no form of child or forced labour is tolerated and repudiates practices and treatment that are incompatible with a person's dignity and include the deprivation of individual freedom by third parties. Any form and type of modern slavery - servitude, forced or compulsory labour and human trafficking - is therefore considered inadmissible;
- **Brutal and inhuman treatment:** employees must be treated with dignity and respect. Corporal punishment and forms of intimidation and sexual or racial harassment, including verbal, are not permitted under any circumstances;
- **Discrimination:** Terna does not apply any form of discrimination for reasons associated with race, colour, sex, language, religion, political opinion, sexual orientation, nationality, social background and status, trade union membership, age or disability in all areas of working life, such as selection, hiring and dismissal procedures, economic treatment, access to training, promotions;
- **Freedom of association and collective bargaining:** workers' right to freely form trade union associations is guaranteed and recognises the right to collective bargaining, sharing with trade union organisations a system of industrial relations based on constant and constructive dialogue;
- **Health and safety:** the protection of health and safety is considered a core value that underpins the Company's actions as a whole and adopts high standards for assessment, prevention and management of the related risks. The prevention of risks to health and physical integrity applies, in the workplace, to employees and, more generally, in the Group's activities, in relation to all stakeholders;
- **Working conditions and pay level:** the commitment remains to ensure healthy and hygienic working conditions, not to require excessive workloads in terms of hours and days worked, and to guarantee adequate rest periods. The minimum pay level of employees may not be lower than that laid down by the applicable collective bargaining agreements and laws and regulations in force in the various countries.

Other topics covered include privacy, intellectual property protection, environmental protection, and tackling corruption. The Guideline is updated annually and/or in the event of significant changes in the Group's operations and is publicly available on the Terna S.p.A. website.

As set out in the Guideline, the Terna Group shares the principles of protection of human rights expressed in the United Nations Universal Declaration of Human Rights (10 December 1948), the Declaration on Fundamental Principles and Rights at Work issued by the International Labour Organization (ILO), and the Ten Principles of the Global Compact. In this context, the Group undertakes to prevent and mitigate the risk of negative impacts on human rights arising from its activities, both directly and through business relationships, in line with the UN Guiding Principles on Business and Human Rights (approved by the UN Human Rights Council in June 2011) and the OECD Guidelines for Multinational Enterprises. Although the commitment concerns all human rights without distinction, this guideline is drawn up taking into account the business context and location of the activities carried out by the Group companies. The result is thus a focus above all on human rights related to employment, with respect to which the Terna Group adopts the contents of the Declaration on Fundamental Principles and Rights at Work issued in 1998 by the International Labour Organisation.

The implementation and monitoring of the commitments set out in this Guideline is based on the definition and implementation of a due diligence process that involves identifying the potential impacts of the Group's activities on human rights and assessing the adequacy of the mitigation measures taken. Specifically, the due diligence process considers stakeholders' human rights, including employees of suppliers operating at Group premises and sites. The potential interactions between the Group's activities and the human rights of its stakeholders are then assessed (with a specific focus on vulnerable groups like children, indigenous people, migrants, the disabled), leading to the emergence of a map of the activities that are most exposed to the risk of negative impacts, also considering the supply chain, with particular regard to those cases identified as being at greater risk with reference to respect for human rights (such as suppliers of contract and subcontract

[94] For further information on the Guideline "Respect for Human Rights within the Terna Group", reference should be made to the section "Terna Group policies for the management of impacts, risks and opportunities" within the "General disclosures" section.

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work and operations carried out on behalf of the Group in countries at risk for human rights or partnerships with business purposes, e.g. joint ventures with and without controlling capacity, acquisitions).

In order to facilitate access to an effective remedy for victims of human rights violations, the Terna Group considers the violation reporting methods provided for by the Code of Ethics and by this Guideline to be equally valid. In the case of ascertained human rights violations, immediate remedial measures must be put in place to prevent the continuation or recurrence of the violation, as well as possible measures to sanction the violation and remedy the individuals whose right has been violated. Both mitigation plans and remedial actions are subject to follow-up monitoring to ensure their effectiveness.

Terna Group's Integrated Management System Policy

In addition to the Code of Ethics and the Guideline "Respect for Human Rights in the Terna Group", the Group has adopted an Integrated Management System Policy[95], which among other aspects also addresses occupational health and safety.

With reference to the policies defined with a view to overseeing and protecting Workplace Health and Safety, the Terna Group undertakes to comply with the requirements of the **Workplace Health and Safety Management System**, in compliance with the **UNI ISO 45001:2023 standard**, for the purposes of managing the relevant impacts, risks and opportunities set out in the introduction to this section. In this regard, the following commitments were made:

- promote collaboration with Competent Authorities and with Business Associations in order to set up an effective communication channel aimed at the continuous improvement of performance in terms of workplace health and safety, third parties and stakeholders;
- verify, by means of inspections, the implementation of the legal provisions on workplace health and safety, carried out by the relevant organisational structures. In this regard, the Terna Group monitors all company risks related to workplace health and safety aspects and, in particular, those considered relevant such as "electrocution" and "falling from heights", adopting prevention and containment measures. They are implemented to promote safety and health protection not only among its own employees, but also among all workers involved in the processes (e.g. contractors, suppliers, designers, etc.);

[95] For further information regarding the "Terna Group's Integrated Management System Policy", reference should be made to the section "Terna Group's policies for the management of impacts, risks and opportunities" within the "General disclosures" section, as well as to the section "Policies related to climate change" within the "Environmental information" section.

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- monitor company accidents (with and without injury) in order to ensure their control, identify critical issues and related corrective/training actions;
- verify, in cooperation with institutes and bodies of national standing, procedures relating to workplace health and safety, particularly with regard to electrical hazards;
- enhance and enrich the wealth of experience and knowledge disseminated, through ongoing personnel training, guaranteeing, as a minimum, the training required by the mandatory regulations;
- promote and develop the company's programme for the dissemination of a ''safety culture" that encourages a shift from an approach to safety based solely on regulatory and compliance aspects to one based on people's behaviour and awareness;
- foster workplace health promotion programmes, in line with the provisions of the 2020-2025 National Prevention Plan (PNP) and the World Health Organisation model.

The organisational structure of the companies covered by the document requires the subdivision into Production Units, each of which has a responsible Employer who carries out monitoring and control actions on workplaces, plants and sites.

The correct and full application of the procedures is subject to inspections by the structures coordinated by the Prevention and Protection Service Managers, to internal audits on compliance with the relevant regulations, and to the external audits required to confirm certification. In addition, there is an elected employee representation with the task of monitoring the application of the regulations (employee safety representatives). As part of their contracted activities, the companies covered by the document carry out inspections on their sites to verify the correct application of accident prevention regulations by the appointed safety professionals and the contractors.

Sustainability policy

Also with reference to the Group's workforce, an important role in managing the related material impacts, risks and opportunities is played by the Terna Group Sustainability Policy[96]. Through this policy, the Group aims to leverage and develop human capital, and in particular commits to:

- increase the digitalisation of work processes;
- promote employee training in various formats, in order to support employees throughout their entire working life and diversify their skills;
- encourage collective activities and promote new models of collaboration and work in order to improve quality of life and work-life balance;
- protect the health and safety of workers at every stage of the process, by developing and promoting dedicated awareness campaigns and operating in accordance with reference standards (ISO 45001:2018, etc.);
- ensure respect for human rights and promote inclusion and acceptance of diversity within its workforce;
- adopt selection, development and remuneration systems based on meritocracy, condemning any form of discrimination.

Human Resources Management Policy

The Human Resources management policy focuses on the development and well-being of human capital, ensuring a fair and inclusive working environment in line with the values of sustainability and well-being. The aim is to promote a corporate culture that enhances motivation and Group identity, fostering collaboration, merit and professional growth.

This vision is also implemented through **Terna's People Strategy**, one of the pillars of the **Industrial Plan** and an enabling factor for its implementation, which recognises

[96] For further information regarding the "Sustainability Policy", reference should be made to the section "Terna Group's policies for the management of impacts, risks and opportunities" within the "General disclosures" section, as well as to the section "Policies related to climate change" within "Environmental information".

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human capital as a key lever for achieving the Group's objectives. In line with the **One Terna** leadership model, the strategy places people at the centre and is structured around three complementary pillars – **empowerment, experience and excellence** – aimed at developing key skills, rewarding merit, driving change, guiding growth, promoting inclusion and supporting people's well-being.

The policy was updated in 2025, further strengthening the commitment to inclusion and the uniqueness of individuals. The **TERNABILITY** programme was introduced, aimed at viewing disability not as a limitation but as an opportunity to boost skills and talent, and **shared parenting** is actively promoted by encouraging the use of parental leave also by fathers. In addition, the policy now provides explicit support for individuals undergoing **gender transition**, ensuring an inclusive working environment and tools to support physical and psychological well-being. **Inclusiveness**, **fairness** and **respect** remain key principles, promoted both in internal management and in selection and onboarding processes.

The policy aims to mitigate risks that could compromise the company's long-term competitiveness. One of the main risks lies in the difficulty in attracting and retaining highly qualified talent. In order to mitigate this risk, talent attraction relies on various employer branding initiatives, relationships with the academic world and the use of several recruiting tools and channels, including digital and innovative ones, as well as internal mobility, which represents a strategic lever for the growth of employees and the company. A performance management system was also developed that introduces new assessment parameters to ensure meritocracy and transparency, and a talent management programme that places the individual at the centre of their career path, supporting their growth and development. Furthermore, the **HR strategy includes measures that go beyond regulatory requirements**, ensuring **optimal working conditions** through **company agreements**, **collective bargaining** and **welfare instruments**, thus ensuring **pay equity**, **adequate working hours** and a **good work-life balance**. The effectiveness of HR management is therefore a crucial element in achieving strategic and sustainability goals, and the measures adopted are aimed at reducing risks and ensuring the continuous improvement of business practices.

The policy is controlled and monitored through a structured system based on performance indicators, risk management and checks of compliance with internal and external regulations. Monitoring also includes the use of organisational listening tools, such as internal surveys and analyses of onboarding and offboarding experiences, in order to collect feedback that can be used for continuous improvement.
The policy is updated periodically and proactively in response to regulatory, organisational and strategic changes within the Group. Revisions are made to ensure alignment with developments in the labour market and business needs, thus ensuring that it remains an effective HR management tool.

The policy generally applies to all Terna Group companies in Italy, involving both direct employees and workers governed by external contracts where applicable. The person responsible for implementing the policy is the Head of Human Resources, who oversees the proper application of the company's policies on employment, welfare and inclusion. This managerial level ensures that all strategies are implemented effectively, aligning them with corporate objectives.
The Group is committed to complying with various regulations and third-party initiatives, such as those relating to gender equality, diversity and inclusion standards under international laws and regulations. The practices are aligned with the guidelines set out in ISO 30415:2021, with the **UNI/PdR 125:2022** reference practice on gender equality, and with Italian and European regulations on gender equality and human resources management.
To ensure the widest possible dissemination and implementation of the policy, it is made available to employees within the document management system on the company intranet.

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Policy Diversity, Equity & Inclusion (DE&I)

The Terna **Group's Diversity**, **Equity and Inclusion Policy** is committed to creating a work environment that favours the inclusion and enhancement of diversity, including in terms of **gender, disability, affective orientation, gender identity**, and **cultural diversity**. In particular, the policy was developed with the aim of formalising the commitment to value and protect diversity, and to prevent and sanction any discrimination and harassment on the basis of gender, age, sexual orientation, nationality, disability, political opinions, religious beliefs and any other personal characteristic of its stakeholders, in compliance with all applicable international and national laws and regulations for respecting diversity and promoting inclusion. General objectives include the promotion of **gender equality** and **equal pay for work of equal value, training and skills development** which are dealt with in detail in the Human Resources Management policy to which the DE&I policy refers, and the **inclusion of people with disabilities**. In addition, the policy also explicitly addresses the **prevention and reporting of harassment and violence in the workplace**. These commitments are set out in different thematic areas, so that a positive contribution can be made to building an inclusive and sustainable corporate culture that is attentive to all types of diversity:

- **Gender Diversity:** gender equity is promoted through welfare policies, competency-based selection processes and pay equity. Female leadership programmes and internal and external awareness-raising initiatives are developed, and support is given to projects to guide young women towards STEM disciplines. The establishment of the Steering Committee for Gender Equality ensures the continuous implementation of the equality policy;
- **Generations:** The Group companies value intergenerational dialogue, seeking to integrate different experiences and skills to foster growth and innovation within the organisation, addressing the challenges of turnover and managing different ages within the company;
- **Affective Orientation and Gender Identity:** an inclusive culture is promoted, respecting all gender identities and affective orientations, and combats all forms of discrimination through awareness-raising initiatives and business practices that foster mutual respect;
- **Disabilities:** The Group is committed to ensuring equal opportunities for people with disabilities, removing physical and cultural barriers and creating an accessible and inclusive work environment where everyone can fully develop their talents;
- **Interculturality:** multicultural integration is promoted, valuing cultural diversity to foster cooperation and innovation. It is also committed to respecting and communicating a plurality of perspectives, contributing to the growth of a more inclusive and open working environment.

The policy monitoring process includes the use of Key Performance Indicators (KPIs) to measure progress on these objectives, in particular those related to equal pay and to female leadership. The adoption of these measures aims to reduce the risk of creating a working environment that does not respect diversity, which could damage the organisation's image and effectiveness. On the contrary, opportunities arise from enhancing the Group's reputation as an inclusive employer, with a positive impact on employee motivation and new talent attraction. Monitoring continues through the **surveying employees' perceptions** and the implementation of corrective initiatives.

The DE&I Policy applies to all Group employees, without exception in terms of contract, including employees on fixed-term or permanent contracts, on probation as well as those with temporary or internship contracts. The policy covers all Terna Group companies both in Italy and abroad, and extends to all activities and geographical areas in which the Group operates. The policy covers all stages of working life, from selection and onboarding to the end of the employment relationship and offboarding, from training to professional and career development, and guarantees equal opportunities at all these stages, without discrimination based on personal characteristics.

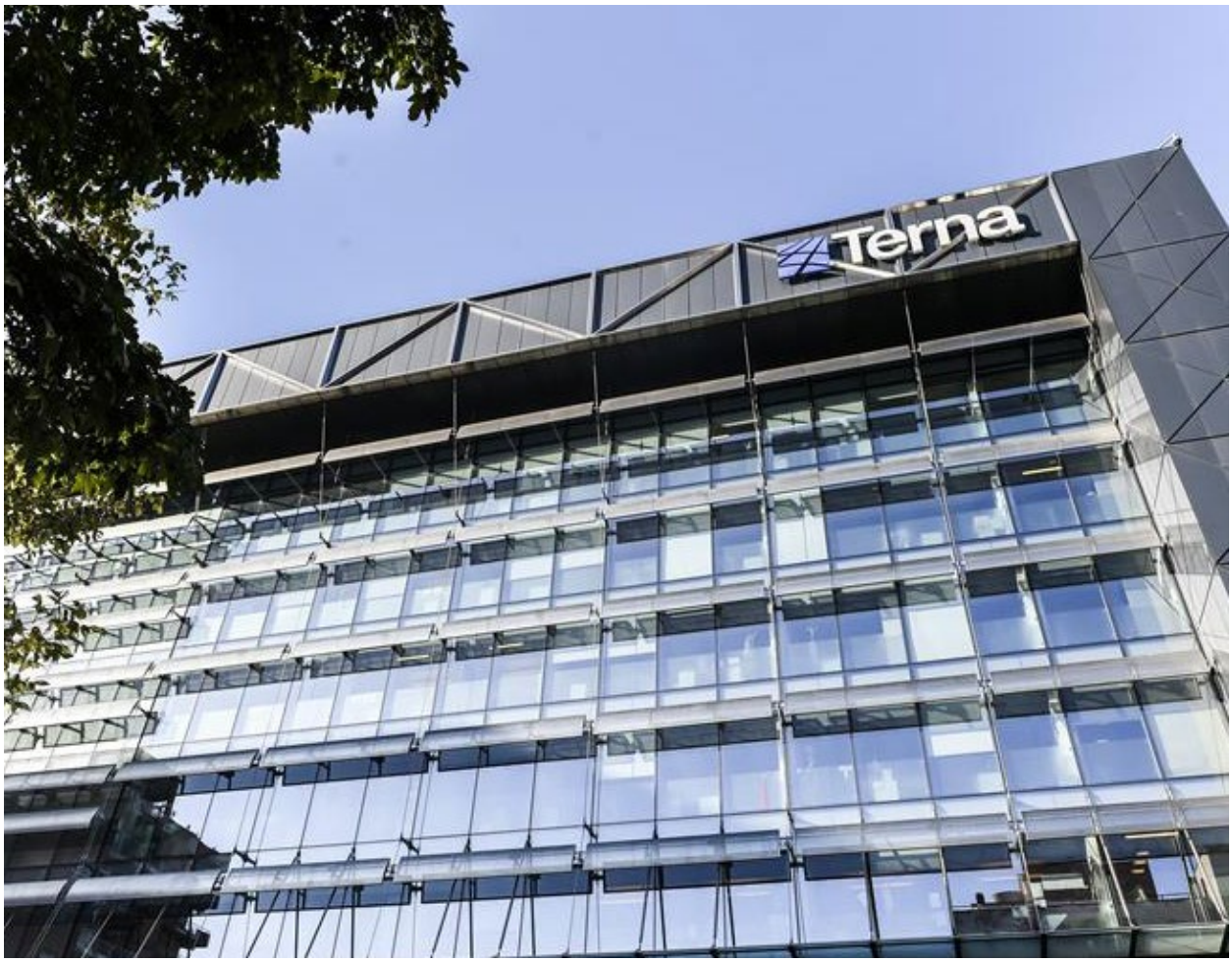
Team leaders, **managers** and those who manage employees are called upon to ensure respect for the principles of diversity and inclusion in their daily work. Furthermore, the policy implies that the **Gender Equality Steering Committee** (responsible for certifying gender equality) plays an important role in supervising and monitoring gender diversity actions.

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The DE&I Policy aligns with the principles of the Universal Declaration of Human Rights and the Conventions of the International Labour Organisation (ILO) as well as with the Charter of Fundamental Rights of the European Union to protect the rights of all employees and different social groups. Moreover, the Terna Group has adopted **UNI/PdR 125:2022** related to the **certification of gender parity**, and is actively committed to complying with these international standards, ensuring that all internal policies are in line with them, to promote a fair and inclusive working environment.

In the definition and implementation of the policy, the interests of employees and of all parties that may be involved in the diversity inclusion and enhancement process are taken into consideration. Team leaders and managers play a key role in ensuring that inclusiveness policies are adhered to. The Terna Group is committed to creating an environment that supports the growth and development of all employees, addressing any cultural or relational obstacles that could limit inclusion.

The policy was approved by the Board of Directors of Terna S.p.A. and is made available to all employees through publication on the website and company intranet to ensure transparency and promote the value of diversity and inclusion. Moreover, the topics covered by the policy are also promoted internally through training sessions. The Group also offers a whistleblowing system which allows anyone to safely and anonymously report any behaviour that does not comply with the principles of the DE&I policy using the available IT reporting channel or the dedicated link, as well as other channels such as e-mail or ordinary mail. Reports are reviewed by the competent corporate bodies, which take prompt corrective action. Monitoring the implementation of the policy includes verification of the objectives and corrective actions taken.



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Privacy Model

In order to mitigate and reduce the impacts in terms of the misuse of employees' personal data, and to ensure compliance with data protection regulations, namely Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data ("GDPR", Legislative Decree 101/2018), as well as any other applicable personal data protection laws, including measures issued by the Italian Data Protection Authority and the European Data Protection Board. In view of the existing intra-group services and the related processing activities, Terna S.p.A. and its subsidiaries Terna Rete Italia S.p.A., Terna Energy Solutions S.r.l. and Terna Plus S.r.l. have adopted an organisational and management model for personal data protection, set out in the Guideline "The Privacy Model at Terna" (hereinafter also the "Privacy Model"). This model is based on a specific framework for the allocation of responsibilities and on the adoption of behaviours and tools suitable for safeguarding personal data, particularly in terms of confidentiality, integrity and availability, as well as all aspects relating to their protection. The above-mentioned companies set out their commitments in terms of confidentiality through the Privacy Model, such commitments being:

- safeguarding the personal data of their own workforce;
- treating personal data and information with confidentiality, discretion and integrity;
- protecting their employees' personal data and information from attacks and/or breaches from outside the organisation.

The Privacy Model implements the GDPR provisions with regard to the fundamental rights of the protection of natural persons with regard to personal data processing and "respect for one's private and family life, home and communications" enshrined in the Charter of Fundamental Rights of the European Union ("Nice Charter", Articles 7 and 8) and Article 16(1) of the Treaty on the Functioning of the European Union ("TFEU"), which establishes the right to personal data protection. The Privacy Model also incorporates the relevant guidelines of the Italian Data Protection Authority (e.g. "Measures and precautions prescribed for data controllers of processing operations carried out by electronic means with regard to the attribution of system administrator functions - 27 November 2008").

In line with the provisions of the GDPR and taking into account its specific organisational structure, operating context and the types of personal data processing carried out, Terna S.p.A. has defined a structured governance model ("Structured Model") and has appointed a **Data Protection Officer (DPO)**, who is responsible for facilitating compliance with Privacy regulations and the Company's Privacy Model. In particular, the DPO is at the heart of the accountability principle management process, overseeing compliance with the Privacy Regulations as well as the procedures and policies adopted.

In addition, a **Privacy Delegate** was identified, who is the person within the corporate framework who is responsible for defining the strategic and organisational direction with regard to matters concerning the application of the Privacy Regulations, in order to prepare all the necessary and appropriate actions to fulfil the requirements. The Privacy Delegate is entrusted with the supervision of Personal Data Protection regulations, i.e. the direction of all activities relating to the protection of the PDs subject to processing.

The companies Terna S.p.A., Terna Rete Italia S.p.A., Terna Plus S.r.l. and Terna Energy Solutions S.r.l. have identified the same DPO and Privacy Delegate.

The Guideline "The Privacy Model at Terna" also constitutes a policy instrument issued by the Parent Company addressed to all other Italian companies of the Terna Group to support them, as independent data controllers, in ensuring compliance with all legal obligations, through the identification of principles and criteria for adequate and effective organisational, technical, operational and data security safeguards, as required by Privacy regulations.

For the other Italian Group companies, without prejudice to their role as independent data controllers, two organisational privacy management models have been identified to guide them in defining governance (roles and responsibilities) and the controls required to ensure regulatory compliance ("Structured Model" and "Simplified Model"), taking into account their specific characteristics,

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organisational structures, number of employees, operating contexts and types of personal data processing carried out.
These companies have been required to adopt and implement this policy instrument, promoting its dissemination within their organisations and, in line with their specific characteristics, to define – based on the adopted model – the assignment of specific roles and responsibilities to the main parties involved in processing personal data.
In this regard, due to different organisational needs and complexities, some Italian subsidiaries have appointed a DPO (Tamini Trasformatori S.r.l. and Altenia S.r.l.), while the responsibility and functions of the Privacy Delegate lie with the Data Controller.
In order to ensure the widest possible dissemination and implementation of the Privacy Model, the same is made available to the employees of the companies to which it applies (Terna S.p.A., Terna Rete Italia S.p.A., Terna Energy Solutions S.r.l. and Terna Plus S.r.l.) as part of the document system available on the Company's intranet, and specific information is provided on the governance system adopted, the Registers of processing activities, as well as a dedicated Information privacy area. The Privacy Model is also shared with all the other Italian Group companies that do not have access to the intranet through their Chief Executive Officers.
Protecting stakeholders' privacy is a priority for Terna S.p.A.: our goal is to operate with the utmost transparency and guarantee the protection of all stakeholders' personal data. For this reason, a specific section on the Company's website is dedicated to privacy policies containing all the legal indications for the exercise of the data subjects' rights.
The creation of a widespread information security culture coupled with awareness of privacy issues in the context of personal data processing cannot be separated from a constantly updated and renewed plan of training and information initiatives, designed to cover the life cycle of all personnel, but appropriately tailored according to roles and activities.

OWN WORKFORCE ENGAGEMENT PROCESS

S1-2

Workers are engaged through a structured dialogue with their trade union representatives and such engagement is developed through various methods and **discussions** that the Parent Company undertakes throughout the year with **workers' trade union representatives**. The information set out below relates to the scope of Group companies that are party to the industrial relations protocol, to which the current National Collective Labour Agreement for workers in the electricity sector applies (Terna S.p.A., Terna Rete Italia S.p.A., Terna Plus S.r.l., Terna Energy Solutions S.r.l. and Rete 2 S.r.l.). Worker engagement is carried out on a regular but not predefined basis, and through different methods as defined by the Industrial Relations Protocol (Bargaining, Dialogue, Consultation and Disclosure). During the 2023-2025 three-year period, it led to the signing of 66 minutes of agreement. The National Collective Labour Agreement (CCNL) and the Industrial Relations Protocol cover fundamental aspects of workers' rights (e.g. labour protection, health and safety and freedom of association) and therefore represent useful agreements to strengthen and guarantee the respect for workers' human rights.
The Human Resources Department is responsible for ensuring that employee and trade union engagement activities take place. More specifically, the Industrial Relations and Labour Regulations structure is tasked with formulating policies and guidelines for the company's industrial relations system, managing bargaining agreements at the national level, and providing guidance and coordinating bargaining and dialogue at the local level on contractual matters and organisational changes with a material impact.
The involvement of Trade Unions in the event of organisational changes is one of the central aspects of industrial relations and is regulated by law, industry contracts and company agreements. Relations between Terna S.p.A. and the trade unions are disciplined, within the Company, by the **"Industrial Relations System Protocol"**, which governs:

- bargaining, dialogue, consultation and preventive and/or periodic disclosure;
- forms and levels of union dialogue as well as central/local relations through which such dialogue can take place.

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The document also provides for the following **bilateral bodies**, which contribute to an inclusive and efficient industrial relations system designed to achieve the Company's targets and develop employees and their skills:

- The Consultation Committee for Group Strategic Guidelines;
- Health, Safety and Environment bilateral body;
- Training and Employment bilateral body;
- Bilateral Welfare body;
- Equal opportunity, Diversity and Inclusion body.

With regard to the relations between the trade unions and the Group's employees, in accordance with the regulations in force, they are facilitated by providing dedicated spaces and notice boards at all offices. In addition, a virtual notice board is provided on the Company's intranet for the trade unions (who have signed the Industrial Relations Protocol), where reports and other union and work-related information can be published.

With regard to the other Group companies that apply a different collective labour agreement, the provisions of the relevant collective bargaining agreement and applicable local laws apply.

PROCESSES TO REMEDY NEGATIVE SOCIAL IMPACTS

S1-3
S2-3
S3-3
S4-3

The Terna Group has always been particularly attentive to preventing risks that could jeopardise the responsible and sustainable management of its business and, consistently with its mission and its internal control system, to the possibility of learning about critical situations and correcting them by consolidating the relationship of trust with its stakeholders. Over the years, the Group has therefore adopted a series of procedures aimed at identifying and investigating the possible negative impacts that its activities may have on internal and external stakeholders[97], such as the human rights due diligence process, through which the activities exposed to risk and the adequacy of the related mitigation measures adopted are monitored on a regular basis. In the case of reports received through the channels made available, these are systematically handled and examined, and if found to be justified, the action taken is determined on a case-by-case basis according to the specific circumstances encountered.

For this reason, the Group, following the approval of Legislative Decree no. 24 of 10 March 2023 (in Official Journal no. 63 of 15 March 2023), concerning "The protection of persons who report breaches of Union law" transposing Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019, has set up dedicated internal IT channels for the Parent Company and for each of the relevant Group companies with over 249 employees (Terna Rete Italia S.p.A. Tamini Trasformatori S.r.l. and Altenia S.r.l.) and defined for the other Italian subsidiaries[98] and for the foreign companies[99], in compliance with local legislation, the sharing of a channel within the Portal, also to give continuity to the reporting control provided for by the Code of Ethics and the Global Compliance Programme. Furthermore, in addition to the IT channel, other channels have been set up to receive reports (regular mail, face-to-face meetings).

[97] Unless otherwise specified, the section refers to the stakeholders covered by the social standards (ESRS S1, S2, S3 and S4).
[98] Terna Energy Solutions S.r.l.; Terna Plus S.r.l.; Rete S.r.l.; Terna Forward S.r.l.; Terna Interconnector S.r.l.; Avvenia the Energy Innovator S.r.l.; Esperia CC S.r.l.; Brugg Cables Italia S.r.l.; Halfbridge Automation S.r.l.; Rete 2 S.r.l.
[99] Terna USA LLC; Brugg Kabel AG ABU DHABI; Brugg Cables (India) Pvt. Ltd; Brugg Kabel Manufacturing AG; Brugg Cables Middle East Contracting LLC; Brugg Kabel Services AG; Brugg Cables (Shanghai) Co. Ltd; Brugg Cables (Suzhou) Co. Ltd; Brugg Kabel AG; Brugg Kabel GmbH; Brugg Cables Company Ltd (Saudi Arabia); Terna Crna Gora d.o.o.; Tamini Transformers USA LLC; Tamini Trasformatori India Private Limited.

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In line with the internal reporting channels set up and accessible through the Portal, appropriate intercompany agreements have been signed for the Italian Group companies and overseas companies that have adopted the whistleblowing system to entrust Terna S.p.A. with the reporting management activities.
Through the internal channels of the Group's companies, it is possible to report unlawful committed or omitted acts and/or conduct, which constitute violations, including suspected violations, of the principles enshrined in the Code of Ethics, of internal regulations, which comprise all the provisions, procedures, guidelines or operating instructions of the company receiving the report, including the Organisation and Management Model pursuant to Legislative Decree 231/01, the anti-corruption guidelines, and the Global Compliance Programme, as well as violations of policies, company rules and regulations that may result in fraud or damage, even potential, to co-workers, shareholders and stakeholders in general or that constitute illegal acts or acts detrimental to the interests and reputation of the company, and violations, as provided for by the Whistleblowing Decree (hereinafter "WB Decree"), "of national or EU regulatory provisions that harm the public interest or the integrity of the public administration or private entity".
With reference to information and/or training activities on the whistleblowing system:

- two sessions of the specific training course for managers of whistleblowing reports were organised and delivered, in response to the requirements of Legislative Decree 24/2023 to ensure the effectiveness of the safeguards put in place to guarantee fairness and transparency in the conduct of business and activities that may cause damage or harm to the company, and to protect the company's position and image. The course also included a focus on the methods and limits of conducting internal investigations following a whistleblowing report. The course also concluded with a learning test;
- an e-learning course on "Terna's Whistleblowing System" was prepared and made available on the dedicated platform, aimed at all employees to ensure specific training on the subject of whistleblowing reports, the channels available, and the safeguards for whistleblowers;
- with regard to information activities in favour of employees, stakeholders and contractual counterparties, a special section was created on the corporate intranet with information (and specific FAQs) on the procedure, on the channels available for submitting reports and on their handling process, as well as on the corporate website, to which the websites of the Terna Group's subsidiaries participating in the procedure also make reference for further details. On the pages of the specially set up computer portal in both Italian and English, specific details are provided, both on data protection notices and the relevant legislation and accompanying FAQs. The principles and contents of whistleblowing, which are applicable to third parties, including suppliers, are made known to the latter through contractual documentation, as well as through information on the website illustrating the reporting methods.

In the Whistleblowing Guideline, the Group has identified the following roles as the corporate bodies responsible for handling whistleblowing reports:

- Head of Internal Audit, with regard to the receipt and analysis of reports;
- Ethics Committee, with reference to the analysis of the investigation into the report and to the diligent follow-up on the report itself.

Reports are handled by the Head of Internal Audit, together with the members of the Ethics Committee, in a transparent manner through a pre-defined process. The choice was therefore to entrust the management to an internal office, separating the management activity consisting of the investigation into the report, entrusted to the Audit, from the decision-making activity on the report follow-up, entrusted to a board identified in the Ethics Committee.

In handling the reports, the afore-mentioned competent corporate bodies, each within the scope of their duties, ensure:

- the issuance to the whistleblower of an acknowledgement of receipt of the report within seven days of the date of receipt for reports under the WB Decree;
- the maintenance, where possible also depending on the channel chosen by the whistleblower, of interactions with the latter, requesting, if necessary, further information and documentary supplementation;
- to diligently follow up on the reports received;

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- to reply to the report within three months from the date of the acknowledgement of receipt of the report or, in the absence of such an acknowledgement, within three months from the expiry of the period of seven days from the submission of the Report.

Terna S.p.A. and the Group companies implement measures to protect all whistleblowers, in compliance with applicable laws and Company Policies. Retaliatory acts or conduct, whether direct or indirect, against the whistleblower for reasons directly or indirectly linked to the report and against those who breach the whistleblower protection measures are prohibited. Reports are handled in such a way as to ensure that whistleblowers are protected against any form of retaliation, discrimination or penalisation, by putting in place measures to protect the whistleblower and, with specific regard to reports made pursuant to the WB Decree, also persons belonging to the work environment who helped or supported the whistleblower in the reporting process and who have a family relationship up to the fourth degree, a stable emotional bond or a habitual and current relationship with the whistleblower (Article 3(5) of the WB Decree).

ACTIONS CONCERNING OWN WORKFORCE

In the course of its activities, the Terna Group implements a series of actions aimed at preventing, mitigating, correcting or improving impacts, addressing risks and generating material opportunities related to its workforce, in line with the principles and objectives of the policies adopted and set out above.
Based on the area under consideration, the actions implemented during the 2025 reporting period are described below.

Working conditions

Initiatives to ensure secure employment

Within the Terna Group, employment security is a fundamental principle, guaranteed over the years through the application of collective industry bargaining agreements and current local legislation, which protect the rights and working conditions of all employees. The Group, in applying the relevant collective bargaining and local legislation in force, ensures stability, pay equity and specific protections for each professional category,



including through the regulation of key aspects such as working hours, health and safety in the workplace, welfare policies and continuous training, promoting a serene and inclusive working environment. The Group's commitment to respecting and enhancing these contracts reflects its desire to offer its employees job security and opportunities for professional growth, contributing to individual well-being and the social sustainability of the organisation.
For the companies Terna S.p.A., Terna Rete Italia S.p.A., Terna Plus S.r.l. Terna Energy Solutions S.r.l. and Rete 2 S.r.l. the correct application of legal regulations and first and second level bargaining is ensured through the monitoring of the competent structures **Industrial Relations and Labour Standards and Personnel Administration**, which guide company actors in the interpretation and application of legal, contractual and company labour regulations.

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In all other Terna Group companies, the above is ensured by the relevant functions of those companies.

Collective bargaining, freedom of association and initiatives to ensure adequacy in wages and working hours

Within the Terna Group, improving working conditions is a priority, also pursued consistently with the provisions of the national collective labour agreement and current local legislation, through the stipulation of company minutes of agreement that guarantee adequate and sustainable working hours for employees. These agreements, developed in constant dialogue with workers' representatives, aim to reconcile business needs and personal well-being, promoting flexible solutions that encourage work-life balance. In continuity with this approach, every year the Terna Group has proceeded to govern its remuneration structure through the application of the laws currently in force, the sector's Collective Bargaining Agreement and the related institutions, thus recognising the value of its employees' work through remuneration policies that recognise merit, incentivise performance and promote economic and social wellbeing. This approach favours not only employment stability, but also a positive and motivating corporate climate, which is essential for the Group's sustainable growth and the achievement of its strategic objectives. Through the application of the National Collective Bargaining Agreement (CCNL), not only is compliance with industry regulations guaranteed, but advanced contractual conditions are also introduced to strengthen work safety and quality. These initiatives take the form of competitive remuneration policies, greater organisational flexibility, enhanced corporate welfare and professional development programmes, fostering a fairer, more inclusive and motivating working environment. The adoption of such measures represents a tangible commitment to enhancing human capital, promoting a sustainable balance between the needs of the company and those of its employees.

As such, first and second level Collective Bargaining is recognised as the fundamental instrument for implementing regulations on legal working hours. In addition to all this, the Terna Group has decided to adopt measures such as flexible working hours, agile working and optimised shift management. These measures enable to improve employees' quality of life while at the same time increasing productivity and engagement. The Group also recognises the principle that disconnection constitutes a right for all male and female workers, and not only when working remotely, in compliance with contractual duties. With these tools, the Group reinforces its commitment to creating a fairer, more inclusive and socially sustainable working environment.

Finally, it is noted that, in the event of industrial action, the essential services needed to ensure continuity of service are regulated by the National Labour Union Agreement signed in February 2013. As far as the employees covered by the Electricity CCNL are concerned, some shift workers who work in dispatching (real-time monitoring of the national electricity system, the remote management of transmission plants, checks on production plans and the procurement of production resources, the monitoring coordination and operation of IT system, ancillary services and infrastructures used in dispatching) and staff from the Security Operations Centre are prohibited from taking part in industrial action.

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Whilst entitled to suspend their normal duties during a strike, staff on call are obliged to ensure that they are contactable, even during the hours scheduled for the strike.

Workplace health and safety initiatives

The Terna Group has always been attentive to the issue of safeguarding health and safety in the workplace. Due to the specific nature of its business, it undertakes to implement various activities and initiatives related to the issue in question, in line, among others, with the objectives under the Integrated Management System Policy, in order to correct and manage its negative impacts, generate positive impacts, and mitigate material risks, consistent with the findings of the Double Materiality Analysis. During the year, the Terna Group worked to consolidate activities and processes relating to the maintenance and renewal of UNI EN ISO 45001:2023 certification for Terna S.p.A., Terna Rete Italia S.p.A., Terna Plus S.r.l. and Terna Energy Solutions S.r.l. In addition, activities were carried out to maintain the certification of the safety management systems of the Tamini Group (expiry 2027), the Brugg Cables Group in Switzerland (expiry 2027), in China (expiry 2026) and in Italy (expiry 2026), the Altenia Group (expiry 2028) and Terna Crna Gora d.o.o. (expiry 2028). For the same purposes, for the product groups with the greatest materiality in terms of sustainability, during the accreditation phase Terna S.p.A. verifies the actual possession by suppliers of the UNI EN ISO 45001:2023 certification. Note that the Terna Group verifies the effectiveness of this action by monitoring the percentage of qualified Economic Operators holding such certification, which stood at 90.8% in 2025.

The Excellence in Safety (EIS) Programme is of great importance in the context of the Terna Group's workplace health and safety initiatives. This falls within the scope of Health & Safety initiatives and constitutes a cultural evolution programme aimed at facilitating the transition from a "reactive" safety culture to one that is "proactive and interdependent". EIS aims to promote a shift in perspective: from a concept of safety understood solely as compliance with applicable regulations to a vision in which safety becomes a shared value that is both individual and collective. At the core of the programme are people, their behaviours and the impacts they generate.

To activate and guide this cultural evolution, the EIS programme has defined a new governance model, based on three strategic drivers of change:

- Safety Ambassador: a key role in the transformation process, trained to raise awareness and promote the active involvement of co-workers. This person is able to observe colleagues' activities and conduct and provide feedback on safety routines, promoting positive safety messages both to company personnel and to contractor personnel.
- Safety routines: structured, continuous tools aimed at translating prevention principles into concrete, shared behaviours. Integrated into daily activities, they promote widespread awareness, open communication and collective accountability. To be implemented consciously at both individual and organisational levels, these routines are:
  - Briefing: a meeting at the start of the working day aimed at sharing information and engaging with the team. It is not limited to defining operational tasks, but provides a forum to address safety aspects alongside technical and environmental context matters.
  - Safety Feedback: a method of ongoing communication within the team, aimed at observing and constructively commenting on behaviours during work. It is not a personal assessment or judgement, but an objective feedback on what has been observed.
  - Safety reporting: a tool for identifying and tracking unsafe situations, risks, near misses, unsafe behaviours or conversely best practices observed in the field.
  - Time out: a moment of temporary, controlled suspension of activities, which may be activated by any team member whenever questions, uncertainties or changes arise that could compromise operational safety.
  - Debriefing: a discussion at the end of the working day, during which the team reviews what has occurred, turning operational experience into collective learning.
  - Stop Work Authority: not a periodic routine, but an operational authority that is always active on construction sites. It allows anyone working on site, regardless of role, to immediately suspend work in the presence of a serious and imminent risk to people's safety.

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- Management applications: tools supporting the implementation and management of safety reporting routines and the provision of feedback to strengthen awareness and safety culture.

The EIS programme, launched at the beginning of 2021, has progressively been extended over the years to various areas of Terna S.p.A. In 2022 it involved and today continues to involve the personnel employed in O&M (Operations & Maintenance) since these tasks present the highest risk profile.
In 2024, the programme was also extended to construction sites, involving 22 site activities outsourced to third parties.
During 2025, EIS maintained this dual development: on the one hand, consolidation of the success factors already implemented within the O&M perimeter continued; on the other hand it was extended to a further 25 Terna Rete Italia S.p.A. sites. In this context, both internal personnel with different roles (clients, works managers, site supervisors) and external personnel (contractor staff, safety coordinators, external professionals, technical collaborators) were involved.
From the launch of the programme in 2021 until the end of 2025, 248 Safety Ambassadors were identified and trained.
Compared to previous years, 2025 saw the introduction of important new elements. In particular, the new role of Safety Coach was introduced within the EIS programme, acting as a catalyst for the development of safety culture. The Safety Coach supports site personnel in carrying out safety routines independently and effectively, improving observation skills and guiding conscious behaviours.
At the same time, the Safety Ambassador System was introduced, involving multiple key roles present on site, each responsible for implementing the EIS programme in line with their skills and responsibilities.
To make the application of the programme more structured and standardised, an internal procedure on "Operational methods for managing behavioural safety routines" was drafted and issued.
In 2025, a dedicated application for carrying out and collecting safety reports (positive, negative and near misses) was also developed and put into operation across the 25 sites participating in the programme. The application also aims to inform and raise awareness among users about the different safety routines, enabling operational personnel to have an overall view of the evolution of behavioural safety on sites.

In 2025, an awareness campaign on road risk was also carried out for workers, aimed at promoting responsible and conscious driving behaviours, with particular attention to human and environmental factors that may increase such risk.

The implementation of such a challenging programme required the support and collaboration of various company processes. In addition to the HSE process, owner of the programme, strategic keys to its success were training (planning and delivery of classroom training activities, group coaching, on-site training and training refresher courses for those previously involved), communication (sharing information and progress on the programme development) as well as partnerships with Third-Party Companies.
Also for 2025, the Terna Group made the main information and updates on health and safety available through various channels, including the company intranet and information sessions, in addition to the annual training dedicated to health and safety topics.
With reference to the issue of workplace accidents, which is of crucial importance for the Terna Group, an important focus is placed on risk management in the context of Health and Safety in the workplace in order to ensure that company work activities are carried out safely and to minimise the occurrence of accidents. The purpose of this management is to fully identify, assess, supervise and monitor all aspects related to health and safety in the workplace and in the company's work activities: responsibility for these obligations lies with Terna S.p.A.'s Health & Safety structure. All of the above activities made it possible to obtain an overall picture of the Health & Safety risks, assessing the potential risk factors (pure risk in the absence of preventive/protective measures and controls) of the company's work contexts surveyed, adopting prevention and protection measures and control actions, thus reducing the residual risk factors to acceptable values. In addition, following the occurrence of an injury or near miss, the causes and dynamics thereof are analysed through focus groups or commissions in order to implement any corrective measures that can be used for the review and continuous improvement of specific risk management. Also for 2025, the Terna Group minimised the risk of accidents in the workplace by overseeing the entire H&S risk management process by refining the risk assessment and monitoring accident indices.

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The WHP ('Workplace Health Promotion') programme is based on the model defined by the World Health Organisation 'Healthy Workplace: a model for action'. This programme is referred to in the National Prevention Plan (NPP) 2020-2025, drawn up by the Ministry of Health, and involved the personnel of Terna S.p.A., Terna Rete Italia S.p.A., Terna Plus S.p.A. and Terna Energy Solutions S.r.l. Article 25 of the same Legislative Decree 81/2008 requires collaboration between the Employer (E), the Appointed Physician (AP) and the Head of the Prevention and Protection Service (HPPS) for risk assessment as well as for the implementation and enhancement of voluntary 'health promotion' programmes, according to the principles of social responsibility.
In addition, further reinforcing this framework, Law 198/2025, in force from 31 December 2025, introduced into Legislative Decree 81/08 the obligation for the Company Physician to actively promote cancer screening among workers.
The Terna Group has voluntarily chosen to join the project promoted by the WHO at the international level and by the Ministry of Health at the national level, in full continuity with the initiatives undertaken in favour of its own people during the pandemic, through the development, also for 2025, of a series of initiatives aimed at employees of Terna S.p.A., Terna Rete Italia S.p.A., Terna Plus S.r.l. and Terna Energy Solutions S.r.l., relating to the "Good WHP Practices", such as:

- **Healthy nutrition:**
  - Free desk for employees during working hours with a nutritionist on site;
  - Blood chemistry screening campaign (with tumour markers) in order to carry out a more specific consultation with a nutritionist;
  - 'Capsule' screening campaign in collaboration with Politecnico di Milano, a state-of-the-art digital health pod aimed at providing an indication of a person's general health status.
- **Physical exercise:**
  - Implementation of a programme of outdoor physical exercise sessions with specialised trainers;
  - Participation in sports events (Race for the Cure, Run 5:30, Pyjama Run, Pedal for a Smile);
  - Free desk for employees during working hours with a physiotherapist on site;
  - Self-defence sessions, delivered in person with both theoretical and practical lessons.
  - Introduction of Kundalini Yoga sessions, delivered in person on a weekly basis, aimed at preventing work-related stress, risks of poor posture and supporting psychophysical health.
- **Alcohol, smoking and addiction:**
  - Counselling during the periodic health check-up;
  - Information and awareness webinars on addiction.
  - Awareness day using virtual reality (VR) headsets, in collaboration with the Italian Red Cross, on alcohol abuse.
- **Cross-cutting and other practices:**
  - Conference and webinar on "Attention disorders, concentration management and neurodiversity".
  - Information and awareness webinar on "Melanoma self-diagnosis".
  - Free desk for employees during working hours with a psychologist on site.
  - Development of a free and voluntary flu vaccination campaign. The campaign was also extended to employees' family members: spouses, children (including minors) and cohabitants;
  - Organisation of the "Red Cross Week", which includes mole mapping and self-examination sessions, endocrinology examinations and training sessions on paediatric disobstruction manoeuvres and safe sleep at the Rome headquarters.

These initiatives allow workers to access services offered under the WHP programme, as a benefit aimed at improving their lifestyle and raising awareness of the importance of psychophysical well-being.

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Initiatives to ensure work-life balance

The Terna Group's awareness of employees' importance is reflected in both a constant focus on updating their skills, needed to ensure achievement of the Group's strategic objectives, and on their wellbeing, meaning their work-life balance, access to dedicated additional services and respect.
Corporate welfare encompasses the set of initiatives, opportunities and services that the Terna Group offers its people, promoting their inclusion and valuing their uniqueness through the creation of a working environment that encourages collaboration and creativity and in which everyone can develop their potential and humanity.
During 2025, the various welfare initiatives were based on continuous active and direct listening of employees, with plans to improve their work-life balance and increase their awareness of the offer available. The **welfare offer** is described below, broken down by subject area:

- **Health:** this includes useful information on the supplementary pension schemes, healthcare plans and prevention campaigns;
- **Loans & Insurance:** this comprises information on currently available forms of financial aid and insurance;
- **Family:** this collects all indications of better conditions adopted with respect to the National Collective Bargaining Agreement (CCNL) and parenting support measures;
- **Life & Work:** this describes the initiatives that make it easier for employees to balance their working and private lives, such as flexible hours, structured remote working and mobility services;
- **Performance-linked bonus:** this comprises useful information to manage and convert the bonus into goods and welfare services;
- **Sport & Culture:** this includes information on the Recreational, Cultural and Sports Association, ARCA, and information on corporate wellness;
- **Partnerships:** this includes the various agreements providing discounts and favourable conditions for employees.

The welfare offering described is tailored and applied across the various Terna Group companies in accordance with the provisions of the relevant Collective Bargaining Agreements and applicable local laws.
The currently available welfare package has an impact mainly on companies subject to the Collective Bargaining Agreement in the electricity sector (Terna S.p.A., Terna Rete Italia S.p.A., Terna Plus S.r.l., Terna Energy Solutions S.r.l., Rete 2 S.r.l.). More generally, with a view to inclusion and consistency, several services have also



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been implemented by other Terna Group companies, and the extension of further services is under review and implementation.

In 2025, the Group companies continued to strengthen welfare policies, renewing and expanding tools to support people's well-being, work-life balance and financial support for families.
The year was characterised by a progressive alignment with Group guidelines, through the gradual harmonisation of existing measures and the introduction of new initiatives, differentiated according to company contexts but sharing common objectives.

With a view to expanding the offering and increasing awareness, in 2025 several **initiatives** within the welfare model were renewed, extended and/or launched:

- **Nursery school contribution:** to support work-life balance with a focus on parenting, the percentage contribution towards nursery school fees was made structural. The Altenia Group, the Brugg Cables Group and Tamini Trasformatori S.r.l. also introduced a nursery contribution as a parenting support measure.
- **Information initiatives and local roadshows:** meetings in person and online to present the overall welfare offering and explore specific topics, as well as people-related initiatives, with the aim of increasing awareness and fostering local engagement.
- **Promotion of well-being topics:** a Well-being Support Programme was introduced for employees and their families, offering sessions with certified professionals and support services across three areas: emotional, physical and practical. The service is available 7 days a week, 24 hours a day, through various online and in-person channels, all of which are fully confidential. Initially launched in Terna S.p.A., Terna Rete Italia S.p.A., Terna Plus S.r.l. and Terna Energy Solutions S.r.l., the programme was also extended to Rete 2 S.r.l., the Brugg Cables Group, Tamini Trasformatori S.r.l. and Terna Crna Gora d.o.o. The programme is planned to be extended to the Altenia Group in 2026. In addition, within the scope of psychophysical well-being, the possibility to access an online platform offering access to a network of gyms at favourable conditions and digital content for personal well-being anywhere was renewed.
- **Tax support:** the service allowing employees to complete and submit the standard or joint tax return (730 form) free of charge was renewed; Tamini Trasformatori S.r.l. also introduced free tax support for its employees in 2025.
- **Sustainable mobility:** the contribution towards the purchase of local public transport subscriptions was extended to several locations across Italy (Turin, Milan, Padua, Florence, Naples, Palermo and Cagliari).

A prominent position within the work-life balance initiatives of Terna S.p.A., Terna Rete Italia S.p.A., Terna Plus S.r.l., Terna Energy Solutions S.r.l. and Rete 2 S.r.l. is also taken by the issue of **parental leave** and **family caregiving**. To this end, Italian law regulates maternity leave and parental leave and provides general coverage.
In comparison, Terna offers more favourable conditions, in application of the National Labour Contract for the industry and company agreements.

The most important measures include:

- five months paid maternity leave, provided to the mother before and after birth. Full pay is guaranteed compared with the 80% provided for by law;
- six months of parental leave paid at 80% for the first two months and at 30% for the following four months, supplemented by an additional 15% compared to statutory provisions. Paternity leave may also be taken, up to a maximum of eleven months of total leave taken by both parents. The leave can be taken until the age of 14, but is only paid with the 80% increment if taken before the child is 6 years old.
- parental leave for both parents in the event of illness of children under the age of 3, until the end of the illness and parental leave in the event of illness of children between the ages of 3 and 12 for both parents, alternating, for a maximum of 10 days a year. In both cases, leave is unpaid;
- two hours a day of paid leave for breast feeding for the first year of the baby's life, available to the father in the event that the mother does not make use of it;

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- three days per month, also in the form of hours, of paid leave to look after children or other family members with serious disabilities;
- extraordinary leave of two years in the case of caregiving for family members with a severe documented disability;
- more flexible working hours for parents with children attending junior high school.

Under a specific union agreement signed in 2017, Terna has also introduced additional measures to improve work-life balance and further support parenthood. This agreement grants half a day's leave to accompany one's children on their first day of primary school and an additional five days of paid leave to the father, on the occasion of the birth of a child, including that set by regulatory provisions.

In order to monitor and assess the effectiveness of welfare actions and initiatives in generating tangible results for its workforce, the Group adopts an approach based on internal feedback listening and analysis. In particular, listening surveys are conducted periodically, in line with the objectives of the Sustainability Plan, in order to measure employees' perceptions of the benefits and welfare initiatives offered. These surveys allow data to be collected on the number of employees who feel that these measures have a positive impact on their financial well-being, making it possible to assess the effectiveness of the initiatives taken.
Among the initiatives aimed at improving work-life balance is also the **remote working Agreement** for white-collar and middle management employees of Terna S.p.A., Terna Rete Italia S.p.A., Terna Plus S.r.l., Terna Energy Solutions S.r.l. and Rete 2 S.r.l. (valid from 1 December 2024) which governs and defines remote working arrangements, as a further development of the scheme already introduced on a structured basis in recent years.

Below is a summary of the main operational and organisational arrangements for remote working, as set out both in the Agreement entered into and in the operational guidelines on remote working.

The number of days that can be used in remote working is as follows:

- Up to a maximum of 10 days per month with a weekly limit set at 3 days;
- Up to a maximum of 6 days per month with a weekly limit of 2 days for white-collar staff only in areas with a strong technical-operational focus.

With a particular focus on parenthood, the Agreement also includes a further case in which remote working days may be increased, as follows:

- For parents with children up to the age of 6, and in any case up to the end of the first year of primary school, there is an extension option of an additional 2 days per month, subject to the weekly limits laid down in the Agreement. Therefore, for those whose limit is 10 days per month and 3 per week, the remote working days can be up to 12 per month and always within the limit of 3 per week. For those whose limit is 6 days per month and 2 per week, the remote working days can be up to 8 per month and always within the limit of 2 per week.

For the other Terna Group companies, remote working policies are generally aligned with those of Terna S.p.A., Terna Rete Italia S.p.A., Terna Plus S.r.l., Terna Energy Solutions S.r.l. and Rete 2 S.r.l., adopting measures such as flexible working hours and remote working that improve employees' quality of life while increasing productivity and engagement.

Equal treatment and opportunities for all

Initiatives related to the protection of gender equality and equal pay

Again in 2025, the Terna Group was at the forefront of achieving true gender balance and is aware of its responsibility towards the entire community, both on a daily basis and in the medium and long term. The principle of gender and pay equality generally applies in all Group companies, both in Italy and abroad. As such, the DE&I Policy extends to all activities and geographical areas where the Group operates.

As far as the Group's foreign companies are concerned, there are currently no material initiatives, although the Parent Company's commitment remains to guarantee this principle at all Terna Group companies.

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During these years Terna undertook initiatives aimed at protecting gender equality, which led to earning **Gender Equality Certification** in accordance with **UNI/PDR 125:2022** issued by the IMQ certification body for the Parent Company Terna S.p.A. and its subsidiaries, Terna Rete Italia S.p.A., Terna Plus S.r.l. and Terna Energy Solutions S.r.l.

This important recognition attests to the effectiveness of the integrated policies and specific organisational measures to reduce gender gaps in the workplace and reflects our ongoing commitment to creating an increasingly fair and inclusive work environment that rewards merit, where each person is always listened to, respected and valued for their uniqueness.

Given the positive impact of certification and initiatives already launched, the Parent Company has set the ambitious objective of extending gender equality certification to other Group companies. Indeed, Tamini Trasformatori S.r.l. has initiated the certification process, with a gap analysis carried out in 2025, with the objective of obtaining certification in 2026. In addition, Altenia S.r.l. and Brugg Cables Italia S.r.l. will also begin the certification process in 2026 with the launch of their own gap analysis.

As part of the certification, in January 2024, the **Strategic Plan for Gender Equality** was signed by the **Gender Equality Steering Committee** established by the Senior Management. The Plan sets tangible objectives to be achieved within the three-year period of validity of the certification, ensuring measurability, realism and assignment of specific responsibilities for implementation. Monitoring takes place through specific performance indicators, with the aim of promoting increasingly equal opportunities for all.

The Plan has a three-year duration (2024-2026) and is subject to continuous updating and monitoring, also in view of the three-yearly review required to maintain the certification. Its scope extends to all Terna Group companies that obtained the certification.

In line with its policy, Terna S.p.A. has implemented a process of periodic review of the Plan, which requires the Committee to be convened at least twice a year. At these meetings, the Committee monitors the achievement of the objectives of the Strategic Plan for Gender Equality and updates its contents in response to significant changes or specific needs.

In accordance with UNI/PdR 125:2022, the Strategic Plan includes a number of initiatives to promote gender equality and inclusion. These include:

- Awareness-raising activities at all levels to counter unconscious stereotypes and prejudices;
- Welfare policies supporting work-life balance, parenthood and the sharing of family and caregiving responsibilities;
- Fair selection processes based on skills and suitability for the role;
- Development programmes and remuneration policies inspired by equity and performance principles;
- Training courses aimed at strengthening women's managerial skills and leadership;
- Awareness-raising projects on gender equality, through support to associations and initiatives in schools.

In particular, the Plan initially included **12 objectives**, which during 2025 were first **expanded to 16 objectives** and also **extended** to **Tamini Trasformatori S.r.l.**. The objectives are structured into six macro-areas:

1) Generality

- Periodic survey of the perception of inclusion and collection of suggestions;
- Implementation of training and awareness-raising courses on Diversity, Equity and Inclusion.

2) Selection and recruitment

- Update of "Talent Acquisition" Operational Instruction from an inclusive perspective;
- Increased attractiveness to potential candidates through partnerships with schools, universities and associations;
- Implementation of training courses on inclusive recruitment.

3) Career management

- Activation of new training courses on inclusive leadership;
- Introduction of new tools to reduce subjectivity in assessments.

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4) Pay equity

- Surveys and analyses to mitigate possible gender pay gaps.

5) Parenting and caregiving

- Monitoring parenting leave and caregiving needs;
- Sharing information on available benefits;
- Support with the return from maternity and paternity leave;
- Initiative providing financial support equal to 60% of the cost incurred for nursery school attendance;
- Integration of a new tool dedicated to emotional, practical and physical well-being into the Welfare offering catalogue;
- Publication of a Parental Toolkit.

6) Work-life balance

- New Operating Instruction on "Remote meetings" to promote inclusive working time;
- Monitoring 'Structural Remote Working'.

For each area, the Plan sets specific objectives, analyses strengths and weaknesses, and identifies actions to close gaps, assigning responsibilities, timeframes, resources and monitoring methods.
This Plan is seen as a real path of cultural transformation, aimed at promoting equal opportunities and valuing diversity, with the objective of generating a positive and sustainable impact on the company.
The Terna Group has adopted a structured governance system to ensure the effectiveness of the Gender Equality Strategic Plan and the maintenance of the related certification, with the aim of improving the reference KPIs over the three-year period and ensuring the timely closure of the annual surveys.
Specifically, the Plan provides for a periodic review process involving the dedicated Committee, which meets at least twice a year to monitor the achievement of the objectives and update the Plan according to significant changes or new needs.
Furthermore, in accordance with UNI/PDR 125:2022, the Group, through a dedicated team, conducts internal audits to verify compliance and manages any non-compliances through a tracked documentation detailing any unfulfilled requirements, corrective actions and their timing.
This integrated governance structure, involving multiple business functions, ensures that the Gender Equality Strategic Plan remains a dynamic and operational document, constantly updated to effectively address the challenges and seize the opportunities related to the promotion of gender equality within the organisation.
This Plan is seen as a real path of cultural transformation, aimed at promoting equal opportunities and valuing diversity, with the objective of generating a positive and sustainable impact on the company.

The Terna Group has always adopted, and continues to adopt, a rigorous and proactive approach to ensuring equal treatment of men and women by constantly monitoring key management indicators to make sure these management and development systems do not create disadvantages for women. All provisions laid down by national contracts are also fully implemented to ensure effective equal pay, with pay being exclusively tied to role and responsibility, regardless of gender.
The dedicated Human Resources teams regularly carry out in-depth analyses of employee remuneration data. These show that equal pay is achieved at most organisational levels, with any gaps being narrow.
In order to close the gender pay gap and further strengthen the commitment to pay equity, the Strategic Plan for Gender Equality includes a specific action: "Action 4.1 - Surveys and analyses to mitigate any gender pay gaps". This structured and targeted intervention was included in the Plan with the aim of identifying, analysing and correcting any wage disparities in a timely and decisive manner, thus ensuring a fairer and more transparent pay system.
The aim is twofold: to systematically detect and analyse any gender pay gap and to identify its root causes across the entire corporate population.
The Plan establishes a structured analysis on an annual basis, ensuring constant monitoring over time. Based on the results, targeted action is taken on remuneration policies to eliminate inequalities and promote a fair and transparent wage system.
All Terna Group companies are strongly committed to continuously promoting gender equity, enhancing female talent and supporting women's access to innovative

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sectors, with particular attention to STEM disciplines, where they are still underrepresented.

The main initiatives promoted within Terna S.p.A., Terna Rete Italia S.p.A., Terna Plus S.r.l. and Terna Energy Solutions S.r.l. are as follows:

- **Valore D:** Participation in the first Italian association of companies dedicated to the promotion of gender balance and an inclusive culture, enabling investments in a national and international network to foster dialogue with other companies and institutions, raise awareness of the role of companies in combating inequality and gender-based violence, and contribute to social innovation. The Parent Company has been a Supporting Member since 2010. The renewal of the partnership takes place annually and, each year, best practice sharing initiatives, training programmes at all company levels and awareness-raising events are implemented. From 2025, participation in initiatives promoted by Valore D was also extended to employees of Tamini Trasformatori S.r.l.;
- **School-Business System with ELIS:** Since 2018, in collaboration with ELIS, we have been promoting the meeting between female students and STEM professionals, who act as role models in Italian schools to inspire the younger generations towards scientific disciplines and counteract gender stereotypes. The partnership, which contemplates renewals every two years, includes at least two inspirational meetings in schools for the two-year period 2024-2026, as well as training dedicated to female co-workers who have been identified as role models;
- **Boost Programme with Sistech:** since 2022, programmes for the labour inclusion of refugee women have been promoted in the digital and tech sector, funding scholarships for STEM training and to concretely support refugee women's access to the labour market. The Boost programme also provides for the direct involvement of professionals as volunteers supporting the initiative, to strengthen the language and technical skills of participating female students.

Initiatives aimed at the protection of diversity and inclusion of people with disabilities

The principle of protecting diversity and inclusion applies generally across all Terna Group companies, both in Italy and abroad. As such, the DE&I Policy extends to all activities and geographical areas where the Group operates. As far as the Group's foreign companies are concerned, there are currently no material initiatives, although the Parent Company's objective and commitment remains to guarantee this principle at all Terna Group companies.

Among the initiatives aimed at inclusion of people with disabilities, the **TERNABILITY project**, launched in 2024 and continued in 2025 within Terna S.p.A., Terna Rete Italia S.p.A., Terna Plus S.r.l. and Terna Energy Solutions S.r.l., is particularly significant, with the objective of ensuring inclusion and boosting the potential of people with disabilities, generating positive impact for the Group and for the country.

With the TERNABILITY project, the Group companies involved go beyond complying with legal obligations, striving to create an inclusive environment that allows people with disabilities to integrate, grow and actively participate in working life. The programme addresses the causes of inequalities and enhances people's unique skills, promoting social innovation as a distinctive feature of the project.

In June 2025, the Parent Company finalised and published its Strategic Plan for the Inclusion of People with Disabilities, with a three-year duration (2025-2027) and the objective of promoting continuous improvement in inclusion and full participation of people with disabilities within the Terna Group.

The Plan is continuously updated to ensure alignment with the evolution of organisational processes, regulations and company needs.

It is built on the analysis of the main company processes involved in inclusion – in particular those relating to Human Resources (Recruiting, Personnel Management, Personnel Administration, Industrial Relations, Compensation, Training and Development), External Relations and Institutional Affairs, General Affairs, Legal and Corporate Affairs (Health, Safety & Environment - Quality and Risks), as well as other relevant functions – with the aim of integrating inclusion of people with disabilities as a structural and cross-cutting dimension of organisational culture.

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The Plan identifies four key areas of intervention designed to drive a deep cultural change:

- **Culture and awareness:** promoting awareness and breaking down stereotypes related to disability;
- **Recruiting & employee journey:** ensuring equal opportunities for access, growth and professional development;
- **Networking and alliances:** working with strategic partners to create inclusive ecosystems;
- **Internal and external communication:** spreading inclusive language and raising awareness of the value of diversity.

For each area, the Plan defines specific, measurable, realistic and time-bound objectives, identifying responsibilities for implementation and monitoring mechanisms.

Indeed, for each objective, the Plan:

- analyses strengths and areas for improvement in the relevant company processes;
- identifies corrective and development actions required to address the gaps identified;
- defines for each action the responsibilities, implementation timelines, monitoring frequency and responsibilities for verifying the achievement of results.

In this way, the Strategic Plan becomes an operational, dynamic tool capable of concretely and continuously guiding the commitment towards a truly inclusive, accessible and sustainable working environment for all people.

In detail, the objectives identified within the Plan are as follows:

1. Culture and awareness

- Provision of training programmes on the company value of respect, gender equality and inclusion;
- Implementation of training and awareness programmes to promote greater awareness, understanding and competence on inclusion of people with disabilities in the workplace.

2. Recruiting & Employee Journey

- Update of the "Talent Acquisition" Operating Instruction to promote inclusion and accessibility for people with disabilities;
- Implementation of a targeted training programme for inclusive recruitment of people with disabilities;
- Planning of TERNABILITY Corners: individual sessions for listening and discussion with the Diversity & Inclusion function.

3. Internal and External Communication

- Update and expansion of Disability Toolkit content;
- Implementation of communication campaigns to raise awareness on disabilities.

4. Network and partnerships

- Development and consolidation of agreements and collaborations with universities;
- Participation in career days and attraction events dedicated to workplace inclusion of people with disabilities.

For each topic, the Plan defines specific objectives, analyses strengths and weaknesses, identifies actions required to address the gaps identified, and for each of these assigns responsibilities, implementation timelines and monitoring methods. The Plan is also subject to a continuous process of updating and review, aimed at ensuring its effectiveness and alignment with organisational and regulatory developments.

The Terna Group considers this Plan a genuine process of cultural transformation, aimed at promoting equal opportunities and leveraging diversity as a strategic resource. The ultimate objective is to foster sustainable, responsible growth capable of generating shared value and a positive impact for people, the organisation and society as a whole.

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Among its main initiatives, the Group has introduced innovative tools to promote the inclusion and well-being of people with disabilities:

- **Disability Toolkit:** a comprehensive guide on corporate inclusion, outlining national and internal subsidies and benefits, promoting conscious diversity management. The Toolkit was published on the company intranet, presented during the first meeting held with the Bilateral Body for Equal Opportunities, Equity and Inclusion on 23 October 2025 and is systematically presented during TERNABILITY Corners. In 2026, publication of the updated version of the Disability Toolkit is planned to incorporate external and internal regulatory updates;
- **TERNABILITY Corners:** spaces dedicated to listening and individual discussion, where the Diversity & Inclusion function offers support both to people with disabilities and to people working with them in cross-functional projects, promoting greater mutual understanding and inclusion;
- **Collaboration agreements with universities and TERNABILITY Workshops:** since 2024, 11 collaborations have been established with the following Italian universities: La Sapienza, Roma Tre, Tor Vergata, LUISS, University of Salerno, University of Palermo, University of Cagliari, Polytechnic University of Milan, University of Padua, Federico II University of Naples, Polytechnic University of Bari. These collaborations include various activities aimed both at attracting candidates belonging to protected categories and at promoting Terna as an inclusive employer, including: organisation of TERNABILITY workshops to provide self-efficacy tools and career guidance to students and recent graduates with disabilities and learning disorders; publication of job postings and career opportunities through university channels; job matching to facilitate matching between candidates and open positions. In 2025 in particular, 14 dedicated workshops were carried out across 7 different universities, reaching 190 students and interviewing 12 of them;
- **Update of the Recruiting Operating Instruction**, from an inclusion and accessibility perspective: in particular, key elements were introduced such as updating channels and formats of job postings to benefit visually impaired candidates and those with learning disorders; communicating interview formats and the need for accommodations; and highlighting the importance of dedicating part of the interview to discussing required accommodations, in order to fully value the candidate in the workplace based on their abilities.



The Terna Group monitors and evaluates the effectiveness of its actions and initiatives to promote inclusion through a structured approach that includes:

- Monthly monitoring of staff placements through targeted placement, in line with the agreement stipulated with the Job Centre;
- Monthly planning of TERNABILITY Corners: since the project launch in June 2024, a total of 34 sessions have been organised and 46 people have been engaged;
- Constant monitoring of membership and participation in the TERNABILITY Corner days, with systematic collection of feedback to assess the impact of the initiatives and identify opportunities for improvement and to verify, even after the events have come to an end, that everything has been managed effectively and satisfactorily;
- Strengthening of cross-cutting and targeted training and awareness initiatives, detailed below.

In 2024, the Group offered a training programme to the entire workforce focused on inclusive language and management of unconscious bias, and in 2025 it continued with an additional programme aimed at breaking stereotypes and acting with responsibility in respect. This programme was also addressed to the entire workforce, with synchronous training modules

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complemented by an asynchronous learning series. In addition, participation in the programme and successful completion of final learning tests were linked to a specific individual performance objective relating to the company value of respect.

With a specific focus on disability, between the end of 2024 and the beginning of 2025 three events were held dedicated to visible disabilities and neurodiversity. In addition, for the International Day of Persons with Disabilities held on 3 December 2025, a digital training course dedicated to invisible disabilities and mental health was launched.

Between February and April 2025, the "Inclusive Mindset" training programme was launched, aimed at making the recruitment process increasingly inclusive and accessible. The programme involved HR Business Partner and Recruiting teams, as well as a selection of hiring managers within Terna S.p.A., Terna Rete Italia S.p.A., Terna Plus S.r.l. and Terna Energy Solutions S.r.l. The objective of the programme is to increase knowledge, particularly about disabilities, and to provide practical tools to ensure inclusion and accessibility throughout the entire selection process, from job posting to onboarding of the candidate. The programme will be relaunched in 2026 and extended to Tamini.

Thanks to the systemic TERNABILITY strategy, the number of CVs in the database tripled over 2024 and 2025. An additional 22 people belonging to protected categories were recorded during employment through internal self-declarations. In addition, the TERNABILITY programme received double recognition at the HRC Best HR Team Award: winning project in the D&I category and second place in the cross-category Made in Italy.

Finally, with specific reference to the Altenia Group, it has embarked on a path aimed at **including personnel with Down syndrome in industrial work environments**. In particular, the Altenia Group has chosen to foster workplace integration by promoting a culture of inclusion, valuing diversity in all its forms and offering beneficiaries a concrete opportunity to enter the working world and understand its dynamics. At the same time, this enables the company to rethink its processes so as to be welcoming and motivating for its employees and to operate in an ethically and socially responsible manner. The staff at the site involved in the project received training and awareness on the topic, equipping them with practical tools to engage with diversity.

Measures against violence and harassment in the workplace

The Group strongly condemns all forms of violence and is concretely committed to combating gender-based violence, each year promoting both internal and external targeted projects and initiatives that boost respect and raise awareness on issues related to inclusion and gender equality.

2025 saw the strengthening of a comprehensive training programme on inclusive language, launched in 2024 and addressed to the entire workforce of Terna S.p.A., Terna Rete Italia S.p.A., Terna Plus S.r.l. and Terna Energy Solutions S.r.l., and extended to Tamini Trasformatori S.r.l., the Altenia Group, the Brugg Cables Group and Terna Crna Gora d.o.o. This strengthening included the introduction of a programme dedicated to breaking stereotypes and acting with responsibility in respect, with the aim of raising employees' awareness of gender stereotypes and bias. In fact, the programme promotes a conscious use of words, encouraging respectful and inclusive behaviour.

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The Group has conducted an in-depth analysis of the risk of physical, verbal and digital harassment, considering the different tasks, work areas and possible contact with third parties. On 11 September 2024, the integration of this risk within the Risk Assessment Document (DVR) was formalised for all the Group's Production Units, ensuring a systematic and complete management of the issue.

In addition, a digital pathway dedicated to the recognition, management and prevention of gender harassment was made available to foster the creation of a safe and respectful work environment. Among other initiatives, an infographic was developed highlighting how to recognise violence, which is not only physical, but can take other forms, such as psychological, verbal and economic.

The Terna Group's actions to promote inclusion also extend outside of the organisation, supporting associations and working in areas where women are underrepresented, absent or vulnerable. Among its main initiatives, the Group has partnered with Sistech, a European non-profit association that promotes the access of refugee women to the digital and technological job market with the aim of fostering their economic independence and labour inclusion. On the occasion of 25 November, the International Day for the Elimination of Violence against Women, the Parent Company, in collaboration with Cassa Depositi e Prestiti and other investee companies, launched a social initiative with the aim of raising awareness and disseminating the tangible actions that companies are taking to combat gender-based violence. Terna S.p.A. actively participates in awareness-raising events to promote and combat gender-based violence and supports public initiatives, conferences, seminars and workshops, collaborating with organisations and associations to raise awareness on these crucial issues.
In 2025 the Parent Company also put in place a collaboration with DonneXStrada to organise six webinars on the subject of gender-based violence, with the aim of raising awareness among a wider public and providing useful tools for combating this phenomenon. Initially addressed to Terna S.p.A., Terna Rete Italia S.p.A., Terna Plus S.r.l. and Terna Energy Solutions S.r.l., this training is planned to be further strengthened in 2026 through additional webinars, to be extended also to Tamini Trasformatori S.r.l., the Altenia Group and Brugg Cables Italia S.r.l. involved in updating the Risk Assessment Document and in the management of reports.

Two additional events were also organised on this topic, involving non-profit organisations and guests from the entertainment sector:

- 4 June – Terna Foundation "Special orphans, the other victims of gender-based violence";
- 25 November – Voices and actions against gender-based violence, open to all Terna Group companies.

A digital training programme on violence and harassment in the workplace was also shared and will be made available in 2026 to Tamini Trasformatori S.r.l. and the Altenia Group.

An interfunctional Working Group dedicated to reporting gender-based violence occurring outside the workplace was launched in December 2025. The Group's mission for 2026 is to:

- Develop a new operating instruction for handling reports, defining internal roles and responsibilities;
- Ensure proper and effective implementation of the support measures provided;
- Propose any additional support measures that can be implemented;
- Ensure adequate training for personnel with responsibilities in the reporting process, and more generally for all staff, strengthening existing training;
- Ensure confidentiality, protection and support for the persons involved;
- Promote and strengthen awareness, communication and culture on the topic.

Training initiatives

Continuous development and the updating of skills represent a tool through which the Group manages the effects of **digital and organisational transformation processes** on people's career paths and employability. Training initiatives are defined taking into account the implications of the introduction of new technologies, the evolution of operating models and the use of digital tools, with the aim of **supporting change** and **reducing the risk of misalignment between required and actual skills**. Structured in synchronous and asynchronous formats and across a variety of content and learning methods,

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the offering is designed to ensure continuous updating and access to development opportunities, contributing to the dissemination of a culture of **lifelong learning** and **individual accountability** in managing one's career path. When planning training initiatives, the Parent Company considers potential interactions with other operational and organisational priorities, adopting solutions that balance innovation and efficiency objectives with the protection of medium- to long-term career prospects.

During 2025, the Academy strengthened its role as a tool supporting organisational and technological change, expanding and diversifying the training offering to promote continuous skills development and support the evolution of professional roles.
In particular, the self-learning offering based on a microlearning approach was further strengthened, consisting of short digital modules focused on individual skills, whether technical or behavioural, designed to enable learning in small units and within limited time contexts. The content is structured into diversified learning objects, capable of addressing different learning styles and supporting retention and the practical application of knowledge. In 2025, adoption of a Learning Management System (LMS) platform was completed also by Tamini Trasformatori S.r.l., the Altenia Group and the Brugg Cables Group.
Within this offering, a new learning format was piloted in the form of a learning series supported by a conversational agent, with the aim of increasing engagement and providing active support in learning and understanding content.

In addition to asynchronous formats, synchronous training programmes open to the entire workforce were launched for the development of key cross-cutting skills. The language training curriculum was also diversified, complementing individual pathways with group-based initiatives.

In connection with the introduction of generative artificial intelligence tools in work processes, starting at the end of 2025 a pilot training programme on Microsoft Copilot was delivered and progressively extended to the rest of the workforce through a phased rollout model.

The set of initiatives described was designed to support people's adaptation to ongoing changes, reducing the risk of misalignment between the required and available skills and promoting informed participation in innovation processes.

In 2025, for Terna S.p.A., Terna Rete Italia S.p.A., Terna Plus S.r.l. and Terna Energy Solutions S.r.l., the **Learning Index** was introduced, a percentage indicator with annual validity measuring participation in training initiatives against a defined annual target.
The introduction of this tool had a positive impact in terms of greater transparency and traceability of training paths, enabling employees to have an up-to-date, concise view of their participation in common and voluntary training. This fosters greater awareness of skills development objectives and strengthens individual accountability in managing one's training path.
For managers, the Learning Index supports oversight of employees' training by providing an aggregated view of team progress and facilitating identification of any gaps relative to assigned training objectives.
At the organisational level, the tool contributes to a more efficient management of mandatory training, promoting a monitoring model based on shared digital tools. This enables greater integration between training processes and internal reporting systems, with benefits in terms of operational simplification and consistency in the application of training policies.
The Learning Index has increased participation in mandatory and company-wide training courses, with the aim of standardising knowledge levels in the following areas: Compliance, Cyber Security, Diversity & Inclusion.

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This initiative was accompanied by additional training programmes addressed to all or specific segments of the workforce of Terna S.p.A., Terna Rete Italia S.p.A., Terna Plus S.r.l. and Terna Energy Solutions S.r.l.:

1. **Digital Minds 1.0:** This programme, launched in 2024, was replicated in 2025 with some methodological adjustments, consolidating an approach to work oriented towards experimentation and continuous improvement and promoting curiosity towards digital technologies, development of critical digital thinking and practical adoption of innovative tools. It was preparatory to the launch of the Microsoft Copilot training programme.
2. **Microsoft Copilot:** In 2025, a training programme dedicated to **Microsoft 365 Copilot** was launched, preceded by a pilot phase structured into three training sprints. Each sprint combined in-depth sessions on tool functions with practical operational experimentation sessions, following a progressive, iterative learning model. This approach enabled a gradual development of skills, taking into account the continuous evolution of the platform and reducing the risk of information overload. Following completion of the pilot, the programme was extended to the entire workforce through a wave-based rollout model, with content updated according to newly released functions. The initiative supports informed adoption of generative artificial intelligence tools in operational contexts, promoting alignment between the technological evolution of processes and available skills and reducing the risk of ineffective or inconsistent use of the tool.
3. The training initiative **"Breaking stereotypes: acting with responsibility in respect"** was implemented with the aim of promoting behaviours based on respect, individual responsibility and inclusive collaboration, raising awareness of bias and preventing discriminatory dynamics in the workplace. The programme involved the entire workforce across all Group companies, through two differentiated programmes by target: a synchronous workshop for managers and a series of synchronous workshops for the rest of the workforce, designed using an experiential method based on storytelling, intercultural models, class interaction and the definition of commitments to individual development. The initiative was complemented by an interactive digital learning series, structured as a narrative miniseries with decision points and support from a conversational agent, aimed at reinforcing reflection on everyday behaviours, inclusive leadership and personal responsibility in professional relationships. During the year several additional training and awareness initiatives were also organised on **inclusion**, **prevention** of **discrimination** and the **protection of individuals**. In parallel, a programme on **parenting** was launched, highlighting skills developed through family experience and promoting greater attention to work-life balance and shared responsibility in care duties. Overall, the programmes contributed to reducing the risk of discriminatory or stereotypical behaviours and to supporting more inclusive, safe and relationship-oriented working environments.
4. The initiatives **"Skills Lab: the manager as coach" and "Manager Lab: the craft of developing a team"** were designed to support managerial development and strengthen the role of managers as enablers of people's growth. These programmes, addressed respectively to new managers and to managers with established responsibilities, promoted greater awareness of the role, adoption of behaviours consistent with leadership focused on coaching, feedback and effective delegation, as well as an evolutionary approach to managing errors. Through experiential methodologies, operational simulations and tools applicable to work contexts, these initiatives contributed to reducing the risk of management models not aligned with company values and to fostering working environments characterised by trust, accountability and continuous skills development.
5. The webinar series **"Longevity and a sustainable future"** was designed to support people in developing awareness and tools to address the evolution of working and social contexts, with particular reference to longer working lives, integrated well-being and the sustainability of personal and professional choices over the long term. Structured into four topical webinars dedicated to the pillars of longevity (human, physical and financial capital), continuous skills development, the role of social security and the relationship between longevity and parenting, the programme contributed to strengthening a forward-looking perspective on career paths, supporting more informed decisions in terms of development, health and future planning.

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6. Among the strategic initiatives implemented during the year, some targeted selected high-potential individuals and roles key to organisational development, including Master programmes. Differentiated by target audience, the programmes aim to strengthen managerial, technical-specialist and strategic vision capabilities. These initiatives differ from the standard training offering through the use of advanced learning formats, including structured interaction with talent from other companies and off-site learning opportunities, fostering cross-fertilisation, openness and alignment with market best practices.

In parallel with the strategic projects, in 2025 the Academy continued to provide high-level technical and specialist training. Some of the main courses include:

- **Training programmes dedicated to the implementation of company tools and platforms (SAP4HANA and the Enterprise Asset Management – EAM system):** within the broader context of digital literacy and an innovation-oriented mindset, and in support of this digital transformation process adopted by Terna, a crucial role was played by the implementation of the new SAP4HANA and the new Enterprise Asset Management (EAM) platform. To support this, two training programmes were implemented for over 2000 resources;
- **Excellence in Safety Programme:** this programme – launched in 2021 to accelerate Terna's cultural transformation in Safety through initiatives aimed at facilitating the shift from a "reactive" to a "proactive and interdependent" safety culture – developed along four lines of action in 2025: the "Conscious Awareness" project for NTG personnel; expansion of the number of NTG and ERP sites involved; the "Make Way for Safety" initiative for the entire workforce; and a train-the-trainer programme to develop Safety Coaches within the company.
- **Lavori Sotto Tensione (Live Work) Training Course:** the programme aims to foster the development of highly specialised skills in planning, designing, conducting and executing work on high-voltage overhead power lines;
- **Power Lines and Substations Multi-skill Courses:** these courses aim to foster the development of operational professionals with multi-skill competences on Power Lines and Substations.
- **Specialist training on Conventional Working Methods:** these courses foster and strengthen the development of knowledge and skills related to conventional working methods on power lines and substations;
- **Specialist training course for real-time operators:** again in 2025, a course was implemented for dispatching and conduction shift workers, aimed at ensuring the preliminary training of new shift workers and promoting continuous technical and professional training;
- **Training on specific regulations (GDPR, 231 Model, workplace health and safety):** in continuity with previous years, Safety and Compliance training continued and was enriched with new e-learning content, aimed at ensuring compliance in the areas of workplace health and safety, Privacy and 231 Organisational Model. The main topics in the area of Safety include training for emergency management personnel (fire-fighting and first aid), initiatives dedicated to Category III Personal Protective Equipment, training dedicated to working at heights (safe ascent and recovery) and training on DPRET-Electrical Risk Prevention (basic and recurrent training);
- **Cyber security training:** In today's interconnected world, cyber security is an absolute priority for every business. This is also an issue of collective responsibility: managing the evolution of an increasingly complex electricity system requires skills, innovation and technology, especially in the digital sphere. Cyber security is therefore increasingly central to our Twin-Transition strategy, to cope with the growing cyber threats that have increased and evolved over the years: recognising them can be difficult, as well as countering them. Protecting an organisation does not only mean relying on advanced technologies: it is crucial to develop a solid awareness of the risks related to the cyber world, involving every single employee. With this in mind, the training programme was enriched with an approach that also incorporates gamification, which, with a full immersion approach, made it possible to train people in a lighter and more fun way, while at the same time being effective in raising awareness on very important topics that no longer belong only to experts in the field;

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- **Training Courses to spread the Lean Thinking culture:** training courses aimed at obtaining Six Sigma Black Belt and Green Belt certification were introduced for 2025 (and will continue in 2026), aimed at spreading a culture of work organisation "by projects" and "by objectives";
- **Language training:** in continuity with previous years, in order to improve the level of foreign language confidence and use, language training was also implemented in 2025. These training courses will continue in 2026 with e-learning sessions and lessons with qualified lecturers.

Some projects involved all the company Departments of Terna S.p.A., Terna Rete Italia S.p.A., Terna Plus S.r.l. and Terna Energy Solutions S.r.l., while others were more technical and specialised and were carried out only for certain Departments.
In 2025 the induction programme – training designed for new hires – was consolidated and extended also to Altenia S.r.l. and Tamini Trasformatori S.r.l., with content and methodological upgrades as part of a continuous improvement approach. The programme supports new hires in their onboarding, strengthening their sense of belonging to "One Terna" and fostering networking. A common cross-cutting module, preparatory to specialised Department programmes, provides all employees with an initial orientation on the Group's context, values and People Strategy. The blended delivery model, combining training sessions, experiential activities, gamification and discussion, makes the onboarding experience more engaging and supports effective integration into the organisation.

To mitigate the risk and difficulty of attracting highly qualified talent, several initiatives were implemented, including attraction and employer branding activities as well as collaboration with academia.
In this regard, the following initiatives in the education area were of note in 2025:

- **Tyrrhenian Lab Master:** in 2025, the framework agreement for the Tyrrhenian Lab Master was renewed and extended for a further two years, confirming the strategic value of the initiative in strengthening the link between universities and business on energy and digital transition topics. The fourth edition of the programme was launched in November, continuing to serve as a tool for developing specialised skills and attracting young talent, supporting alignment between training pathways and the Group's professional needs;
- **PoliTech Lab Master (Polytechnic Network of Advanced Skills):** in 2025 a framework agreement was signed to launch the Polytechnic Network of Advanced Skills in collaboration with Italian polytechnic universities, aimed at establishing a stable partnership focused on developing advanced skills in technological innovation applied to energy infrastructure and the digital transition. The agreement provides for the co-design of training and applied research initiatives, joint involvement of university professors and company professionals, and the development of advanced training programmes for students and recent graduates. The PoliTech Lab Master represents the first initiative launched under the framework agreement and serves as a tool for integrating academic training with industrial contexts, aimed at preparing technical-specialist profiles aligned with evolving professional needs and the development of energy infrastructure. The design of the training programme also considered the skill needs of non-service Group companies, in particular the **Altenia Group**;
- In 2025 Terna joined the **ITS Green Foundation** in Vimercate as a member, strengthening collaboration with the higher technical education system for the development of technical-professional skills in the energy and infrastructure sectors. Within this framework, the course **"Networks, Plants and Energy Systems"** was launched, designed to train specialised profiles in electricity networks, plants and energy systems, with a strongly integrated approach between theory and practical application. This initiative represents the first action following Terna's entry into the Foundation and serves as a bridge between higher technical education and the labour market, supporting alignment between training paths and the Group's professional needs and facilitating the qualified entry of young talent into operational contexts. The design of the training programme also took into account the skills requirements of **Tamini Trasformatori S.r.l.**, which will host some students for internships in 2026;

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- **School-to-Work Training Pathways (formerly work-study):** in 2025 the Parent Company confirmed its commitment to delivering training and orientation programmes for upper secondary school students in work-study initiatives, aimed at providing direct exposure to the working world and professions linked to energy and the digital transition. These initiatives involve company professionals in training, the sharing of personal experiences and topical workshops aimed at developing cross-cutting skills, supporting informed educational choices and encouraging interest in STEM disciplines. In 2025, these programmes involved **26 schools across 12 Italian regions**, reaching over **1,200 students** and delivering more than **9,000 hours of training**, strengthening dialogue between business and the education system and supporting career orientation aligned with emerging professional needs;
- **IFTS Higher Technical Education and Training Course – Technician for the installation and maintenance of systems:** in 2025 the Altenia Group joined a training programme funded by the Puglia Region, combining classroom sessions and on-the-job training, including hosting participants within the company. To support integration and build a direct connection from the study phase, some employees were actively involved in the project as instructors;
- **Train the Trainer:** the Train the Trainer programme for internal faculty was strengthened with the aim of upgrading the internal faculty skills with a focus on dynamic management of the classroom, digitalisation of teaching, training design and virtual classroom management.

The Terna Academy implemented tools to monitor and assess the effectiveness of training activities, combining quantitative (level of participation and involvement) and qualitative (specific tests and participant feedback) analyses. In particular, tools were developed to measure the impact of the courses on inclusive language and project management. 2025 was a year of important achievements and innovations for the Academy, which succeeded in combining tradition and innovation, expanding training opportunities for all employees and placing people at the centre as key players of the company's transformation. Commitment to continuous training is a strategic lever to ensure the company's success and a positive contribution to society.

For 2026, building on the initiatives launched in 2025, the Academy is developing a set of projects aimed at strengthening skills, promoting company values and supporting digital and sustainable transformation processes:

- an **update of the Learning Index** is planned to further evolve the training monitoring tool and make it increasingly effective in supporting annual training objectives and individual accountability in skills development;
- the **training dedicated to the Company Value of Respect** will continue, aiming to promote conduct based on collaboration, inclusion, transparency and continuous improvement, strengthening an organisational culture focused on the quality of relationships and individual responsibility;
- the evolution of the **Digital Minds 2.0 programme – towards advanced digital literacy** will also be launched, through training initiatives aimed at strengthening digital skills and preparing people to address new professional scenarios, supporting informed technology adoption and improved operational performance;
- in parallel, initiatives on **Green Skills – towards an Eco Mindset** will be developed, aimed at strengthening knowledge and conduct related to energy efficiency, waste reduction and sustainable daily choices, contributing to value creation for both people and the organisation;
- lastly, the **training programme on Microsoft Copilot will also be extended to the entire workforce**, completing the rollout of the tool and supporting the effective, responsible use of generative artificial intelligence in work settings.

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Initiatives aimed at skills development

During 2025, it continued to use a series of tools and initiatives aimed at performance management and skills development. A common element across these tools is structured feedback, understood as a driver and accelerator of professional growth for all employees. The pillars are as follows:

- **The P4P Performance Management system:** a valuable tool for aligning individual objectives with company strategies and for increasing awareness of individual performance, was extended with respect to previous years beyond Terna S.p.A., Terna Rete Italia S.p.A., Terna Plus S.r.l. and Terna Energy Solutions S.r.l. to include white-collar staff of the Brugg Cables Group, Altenia S.r.l., Halfbridge Automation S.r.l., Tamini Trasformatori S.r.l. and Terna Crna Gora d.o.o., promoting a results-oriented culture;
- **360° Feedback Assessment**: introduction tools for gathering structured feedback geared towards gaining a greater awareness of strengths and improvements in terms of the effectiveness of one's role action, involving each person's professional reference network;
- **Development Center:** a structured programme that enables identification and development of people's potential in order to build dedicated professional development and training plans.

Alongside these tools, the company promotes a structured set of initiatives for developing cross-cutting and managerial skills aimed at consolidating widespread, aware leadership aligned with the leadership model, capable of generating impact, guiding change and acting as a role model within its context.

These initiatives were differentiated by target audience and calibrated based on seniority, organisational roles and specific development needs.
The **Lock programme**, dedicated to managers reporting directly to Group Directors, supports the development of strategic capabilities through high-value experiences, peer exchange and activities focused on systemic vision and managerial impact.
In parallel, the **Leading Forward and Evolutionary Leadership** programmes respectively support first-time managers and middle managers, focusing on strengthening leadership, relationships with team members and managerial routines needed to support organisational change.
The **Professional Path**, dedicated to young talent and senior professionals, focuses on developing and applying role-specific skills defined in the leadership model, also extending growth opportunities to the non-managerial population.
In addition, **Coaching** programmes continued as a cross-cutting development tool aimed at increasing awareness of individual potential and strengthening key leadership behaviours.
Overall, these initiatives, launched in 2025 and continuing into 2026, contribute to developing aware leadership capable of fostering a growth-oriented environment and supporting the organisation's strategic objectives.



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All the initiatives mentioned were designed and launched by Terna S.p.A., Terna Rete Italia S.p.A., Terna Plus S.r.l. and Terna Energy Solutions S.r.l. with a gradual approach, prioritising the managerial population and progressively extending them to the professional population.

A structured approach was adopted to monitor, assess and improve the skills of its workforce, ensuring that the development initiatives produce tangible and lasting results. This takes place through the **analysis of specific KPIs** including the coverage of the population involved, the qualitative analysis of the results obtained and the submission of periodic surveys to collect employees' feedback and perceptions. These tools make it possible not only to measure the effectiveness of the actions undertaken, but also to promote a corporate culture geared towards continuous growth, recognising and valuing the skills acquired and the contribution of employees to the organisation's development.

Terna also acknowledges that the energy transition requires increasingly specialised and up-to-date skills. In 2025, several advanced training initiatives were continued to improve technical and digital skills to support the Twin Transition, manage the electricity grid and develop resilient infrastructure, and develop leadership by promoting a management model based on collaboration and innovation, while ensuring sustainability and security.

In particular, Terna consolidated relations and cooperation with the network of excellence consisting of the CDP Group and its subsidiaries and associates, as well as with first-rate universities and academic institutions to train and develop people's skills. Through partnerships with universities and business schools, high-potential managers were invited to participate in advanced training courses in a national and international context.

With reference to Workforce Planning, in 2025 the process was revised and updated with the aim of qualifying the organisation's needs in terms of skills, anticipating demographic dynamics and labour market trends.
With regard to succession plans, during 2025 these were updated to include all Group companies, with the aim of making them a strategic pillar for preparing future leaders with appropriate skills and a high level of managerial maturity.
A further initiative aimed at skills development is internal mobility, one of the pillars of the People and Talent Strategy, which, thanks to increasing individual empowerment, makes everyone an active part of their own growth, in accordance with and with an impact on the growth of capitalised professionalism, accrued skills and the Organisation's results.

During 2025 it was decided to further develop internal mobility also as a preferential channel for hiring and developing the talent already available to the company in order to expand their opportunities for growth and skill enrichment.
Interest in internal growth opportunities is constant, as witnessed by colleagues who have chosen to take on a new professional challenge within the Terna Group over the past year.

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Other work-related rights - Privacy

In order to pursue the objectives of the policies in this area, in 2025 Terna S.p.A. and its subsidiaries implemented a series of actions aimed at preventing or mitigating negative impacts with reference to potentially affected stakeholders (including the categories indicated by standards S1 and S4). To implement the actions detailed below, the companies involved deployed both human and financial resources (for more details see the Privacy Model in the section "Workforce policies" and the following paragraph).
To this end, Terna adopted a structured approach to identify the actions needed to respond to actual or potential negative impacts that might occur in the event of misuse of personal data. This process includes the analysis of special information flows from the privacy focal points (specifically identified within Terna S.p.A., Terna Rete Italia S.p.A., Terna Plus S.r.l., Terna Energy Solution S.r.l., Tamini Trasformatori S.r.l., Altenia S.r.l., Avvenia The Energy Innovator S.r.l.) and, in any case, for the remaining ones, through special information exchange opportunities organised by the Parent Company's DPO or Data Protection & Privacy structure. Furthermore, the direct involvement of stakeholders through dedicated communication channels and the processing of data collected through audits and risk assessment is envisaged. Decisions on actions to be taken are aimed at ensuring the consistency of the measures taken with corporate strategies and the existing regulatory framework. The implementation of the actions implemented is monitored through regular assessments and internal analyses. Monitoring is based on the achievement of set targets and the analysis of the results obtained, with a special focus on minimising the impacts associated with the misuse of personal data.
Terna S.p.A. ensures that its practices do not cause or contribute to causing significant negative impacts through an ongoing review of corporate procedures, particularly regarding the use of personal data.
By virtue of the activities carried out, a series of initiatives described below and related to the issue in question was launched within the Parent Company, also targeted at the Italian subsidiaries, in line, among others, with the objectives within the scope of the policies relating to the Business Conduct issue, in order to manage the material negative impacts, consistent with the findings of the Double Materiality Analysis.

In the Montenegrin company Terna Crna Gora d.o.o., support for specific issues and negotiations relating to data protection is provided through existing intercompany contracts, while at the local level support is ensured through compliance advisory services, including data protection aspects in accordance with applicable Montenegrin regulations and relevant updates. The GDPR has not yet been introduced or incorporated into Montenegrin law. The applicable framework remains the local Personal Data Protection Law of 2017, with a minor amendment introduced in August 2024 regarding the use of data for scientific and statistical purposes.

Assessment and review of the Privacy Framework

The scope of the project, launched in 2024 and concluded in January 2025 with the publication of the new Guideline entitled "The Terna Privacy Model", included the involvement of the Terna Group's Italian companies, i.e. Terna S.p.A., Terna Rete Italia S.p.A., Terna Plus S.r.l., Terna Energy Solution S.r.l., Tamini Trasformatori S.r.l., Altenia S.r.l., Avvenia The Energy Innovator S.r.l., Brugg Cables Italia S.r.l., Half Bridge Automation S.r.l., Esperia CC S.r.l., Rete S.r.l., Terna Forward S.r.l. and Terna Interconnector S.r.l.[100] (hereinafter Terna Group's Italian companies). At the methodological level, the project involved examining the relevant privacy documentation made available by the various companies and conducting interviews with the privacy focal points, where appointed, or with the contact persons identified by each Italian company of the Terna Group, in order to obtain information on the types and methods of processing carried out, as well as on the organisation of each subsidiary to monitor the privacy risk. In order to achieve the above target, the 'as is' status of the privacy framework was analysed by collecting the relevant privacy documentation made available by the various Terna Group companies and by organising and carrying out specific interviews with the privacy focal points, or contact persons, identified by each Italian company of the Terna Group.

The findings collected through the above method contributed to the preparation of a report aimed at ensuring an adequate governance system for Italian companies of the Terna Group in managing data protection risks, identifying and strengthening controls

[100] Other Italian subsidiaries acquired during 2025 (STE Energy S.r.l. and Rete 2 S.r.l.) were also recipients of the governance guidelines, which were shared during the first Board of Directors meeting following the acquisition.

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beyond those already envisaged by the privacy framework, and establishing guidelines to support all Italian companies of the Terna Group, as independent data controllers, in ensuring compliance with all legal obligations through the identification of principles and criteria for effective organisational, technical, operational and data security safeguards as set out in privacy regulations.

As a result of this assessment, the principles and criteria for an adequate and effective organisational, technical and operational oversight of the privacy model were further defined in the Guideline "Privacy regulation within Terna", and specific information flows from the Italian subsidiaries to the Parent Company were envisaged to oversee the internal control system. With the objective of maintaining a strong privacy governance system in the Terna Group's Italian companies, the privacy model described is subject to review and update whenever there is a major change in the reference legislation and/or in the company organisation.

In 2025 a specific operational guide and an explanatory note were prepared and shared with all Italian companies of the Terna Group to support the assessment, implementation and monitoring of privacy controls under the updated data protection policy and to ensure its effective implementation.

Training on the topic

The training carried out in the privacy area during 2025, through specific training courses (in the classroom and on Microsoft Teams), as well as training dossiers and online courses available on the Academy platform, support the adequate knowledge of the privacy regulation and the related internal controls, in most cases providing for the passing of final tests at the end of the courses, useful for assessing the skills acquired on the subject.
This activity was carried out in 2025 for the personnel of Terna S.p.A., Terna Rete Italia S.p.A., Terna Energy Solutions S.r.l. and Terna Plus S.r.l., which also supports the companies Terna Forward S.r.l. and Esperia CC S.r.l., to supplement the training already provided in previous years. It is expected that the programme will raise awareness on the issue, to which Terna S.p.A. pays particular attention, in order to create a working environment that allows, with the cross-functional involvement of all functions, to minimise the negative impacts related to the unlawful use of employees' personal data. The importance of training on this topic is paramount, which is why it is provided on an ongoing basis, mostly on an annual basis, also due to the obligations imposed by the current legislation on the subject.
In 2025, in collaboration with the Academy, an induction was also carried out to raise awareness among all individuals potentially involved in managing inspections by the Data Protection Authority, strengthening the awareness, professionalism and skills of all those involved. The induction represented a key opportunity to identify best practices for managing inspections and to make them operational within the organisation by defining concrete actions to be taken. The initiative concluded with a simulated inspection by the Authority involving Terna S.p.A. and Terna Rete Italia S.p.A., carried out with the support of an external consultant, which resulted in an overall positive outcome in managing the inspection.
In the same year, a workshop for system administrators was organised in collaboration with the Cyber Security function.

With regard to Tamini Trasformatori S.r.l., specific classroom-based refresher courses on personal data protection were offered to senior management and the sales department, aimed at strengthening awareness of key privacy obligations related to their activities.
A significant part of the training focused on the role and proper management of data processing agreements (DPA), explaining their rationale, objectives and the responsibilities of the parties involved.
Tamini Trasformatori S.r.l. also participated in the system administrators workshop organised by Terna S.p.A.

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Data Protection Impact Assessment (DPIA)

The data protection impact assessment (DPIA) is a process aimed at describing the processing and assessing its necessity and proportionality. Through the DPIA, potential risks to the fundamental rights and freedoms of natural persons arising from the processing of personal data are identified, while at the same time appropriate technical and organisational measures are identified.
Conducting a DPIA is not mandatory for every single processing activity, but only in cases where a processing activity is likely to present a high risk to the rights and freedoms of natural persons within the meaning of Article 35(7) GDPR, and must contain certain mandatory minimum elements, including:

- a systematic description of the intended processing activities and the purposes of the processing, including, where applicable, the legitimate interest pursued by the data controller;
- an assessment of the necessity and proportionality of the processing activities in relation to the purposes;
- an assessment of the risks to the rights and freedoms of the data subjects;
- the measures put in place to address the risks, including the safeguards, security measures and mechanisms to ensure adequate personal data protection and to demonstrate compliance with the GDPR.

These assessments help reduce exposure to the risks outlined above, generating benefits for the entire workforce.

In 2025, the following DPIAs were carried out for Italian companies of the Terna Group in relation to specific projects.

- 12 DPIAs for the companies Terna S.p.A., Terna Rete Italia S.p.A., Terna Plus S.r.l. and Terna Energy Solutions S.r.l.:
  - **MelaWorks:** a solution designed to support the AGLS-HSEQ-Health & Safety function in site inspections through the collection of photos and videos, facilitating the preparation of final activity reports. The main interface of MelaWorks is presented as a chat, accessible both via a mobile app and a desktop application, capable of geolocating the device that takes photos and/or videos or uploads site inspection data, without continuous geolocation (the phone's position is detected only when an action is performed, such as taking a photo). The application requires user consent for geolocation upon first use, and such consent may be withdrawn at any time without affecting its functionality;
  - **Conxai II release:** a software solution for monitoring construction site progress through the use of cameras and drones to collect site data. The system employs data anonymisation through full body blurring. However, since it is theoretically possible to trace images back to an individual through contextual elements, the need for this DPIA was identified. The project had already been assessed in 2022 during the PoC (Proof of Concept) phase, with a positive outcome. Subsequently, during full deployment, due to the increase in the number of cameras and the integration of drone recordings, a second version of the document became necessary;
  - **PTZ (Pan-Tilt-Zoom) construction sites:** following issues identified at the Selargius (CA) substation, where the safety of employees and on-site security personnel was threatened, it was decided to equip site security vehicles with a mobile motorised camera mounted on the roof using a magnetic support. These cameras would capture only the surrounding environment to transmit images to the Security Operations Centre (SOC) when patrols begin, with live monitoring by the SOC to enable prompt intervention in case of alarms – confirmed by patrol teams – in order to protect people and assets. The camera will not operate continuously but will be activated manually by security personnel in the event of a confirmed incident involving a real risk to staff safety;
  - **Cupix:** a Digital Twin software platform for the construction sector, designed to simplify site recording processes by enabling users to capture thousands of site images in a single operation. The

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solution positions each image correctly, allowing comparison between current site images, historical records and the Building Information Modelling (BIM) model, thereby providing a comprehensive view of site progress over time. The virtual site tour will be carried out using a 360° camera and a drone to capture aerial views. Default settings are configured to automatically blur faces and bodies captured, rendering them non-identifiable before any further data analysis or use;

- **Whitelisting:** through the use of AI, it aims to simplify and optimise booking management processes (workstations, canteen and other internal services), as well as improve access to organisational chart data (Orienta), through real-time voice interaction for bookings, consultation of organisational data via a dedicated application (e.g. phone number, organisational unit, etc.), and automatic verification and moderation of voice recordings to identify, classify and filter potentially harmful or inappropriate content. The personal data processed within the project mainly includes name and surname, email address, phone number, organisational unit and any personal data that may be expressed during voice requests to TPlace;
- **Varonis** is a solution aimed at improving the security and governance of company data through the implementation of an advanced platform for monitoring, analysing and protecting personal data stored in company IT systems. The processing mainly concerns information relating to internal users – such as employees and associates – and includes log data and file access data. The objective is to reduce risks related to unauthorised access, misuse of data or accidental breaches, ensuring compliance with applicable regulations. The platform uses advanced data classification techniques, combining artificial intelligence with pattern matching to identify and classify personal data such as PII (Personally Identifiable Information), PCI (Payment Card Industry Information), PHI (Protected Health Information), passwords and tokens. The default data retention period consists of a variable window of 180 days during the subscription and 30 days after termination;
- **Helicopter inspections:** a project involving the use of advanced generative artificial intelligence technologies, specifically through an AI assistant that records pilot voice communications for the following purposes:
  - automatic transcription of operators' voice communications during helicopter inspections, capturing real-time operational flight information, inspection findings and potential non-conformities;
  - automated generation of end-of-mission reports, including flight reports and non-conformity reports, to feed company management systems;
  - improved productivity and accuracy of collected data, reducing the risk of human error and accelerating maintenance planning;
  - within these activities, personal data relating to involved operators will be processed (e.g. voice recordings, log data, account information) and potentially other personal data contained in communications. Operators may interrupt recording at any time via a dedicated physical button on the helicopter – if personal communications unrelated to inspections occur during flight – connected to the software platform;
  - the recordings will be accessible only to the operator who performed the flight and to the central team responsible for verifying the proper functioning of the speech-to-report tool;
  - the voice recordings and processed data will be temporarily stored on the Azure platform for the time required for validation and verification by operators and the central Asset Management team. At the end of the verification phase, audio files will be stored for a maximum of 30 days to allow future checks only in the event of operational incident reconstruction.
- **Wordly:** a real-time translation platform that, using artificial intelligence, enables participants to follow sessions and interact in their own language. The Innovation function initiated a proof of concept (PoC) to test the tool, assess its effectiveness and evaluate potential integration into future workshops within the Terna Innovation Zone Tunisia project;

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- **Correct Posture:** a project aimed at raising awareness among video display unit workers of the importance of maintaining correct posture throughout the working day.
  The solution identified is based on the Virtue Health platform, which following authentication allows participants to input information on posture, workstation configuration and areas of discomfort (e.g. back, shoulders, upper limbs). The project is currently in a proof of concept phase lasting approximately two months and involves voluntary participation. The initiative aims to test a posture monitoring system for employees working at video display units, providing personalised suggestions to improve and maintain correct posture and helping prevent musculoskeletal disorders and related occupational diseases;
- **Microsoft 365 Copilot:** a sophisticated processing and orchestration engine offering AI-based productivity features. The objective is to increase user productivity by providing a generative AI tool that improves access to and use of documents and information available to the user;
- **Microsoft 365 Copilot II release:** organised in view of extending the solution to the entire workforce, transitioning from pilot testing to full operational use. Compared to the previous version of the document, risk mitigation measures have been updated, specifying that data shared with Copilot is temporarily sent to a Microsoft-managed service outside the Terna tenant, where processing is performed via a large language model (LLM). However, the information contained in requests, retrieved data and generated responses remains within the Microsoft 365 service perimeter, which complies with specific privacy, security and compliance measures;
- **Automatic Failure Detection:** the project aims to implement a system for automatic detection of anomalies in grid infrastructure components, based on Computer Vision models using Lidar technology in "shadow flight" mode. The images collected (proprietary IIQ phase one format) are initially stored on a hard disk until the operator delivers the physical support to the relevant site. The image is then temporarily transferred to a workstation and uploaded via command line to an AWS S3 bucket belonging to the Terna tenant. The application's pre-processing pipeline then accesses the IIQ image, converts it to JPG format and saves it in an S3 bucket. The resulting image is then anonymised and stored in S3, while the non-anonymised JPG version is deleted;

- 1 DPIA for Tamini Trasformatori S.r.l. regarding video surveillance systems. This activity was necessary to verify and update data retention periods for images collected through video surveillance systems.

This type of activity is of an ongoing nature, and is therefore expected to be carried out whenever the necessary conditions (high risk to the rights and freedoms of data subjects) for the activation of the process are met.



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Activities to strengthen privacy controls

In 2025 Terna S.p.A., Terna Rete Italia S.p.A., Terna Energy Solutions S.r.l. and Terna Plus S.r.l., with support from the DPO and in line with the new privacy model, updated policies on personal data protection to further reduce both sanction risks – potentially arising from gaps in compliance – and governance risks, covering: data breach management; handling of data subject requests; privacy by design; designation of authorised personnel; management of the record of processing activities; and data retention.

These companies also implemented a monitoring plan covering the following areas:

- compliance of recruitment activities with personal data protection regulations, with specific analysis of transparency, purpose limitation and data retention principles;
- compliance of personal data processing related to remote monitoring of company vehicles, with specific analysis of transparency, purpose limitation and data retention principles;
- compliance of security measures with Article 32 GDPR requirements for privacy-relevant applications, verifying alignment between security measures and associated data processing risk levels.

In 2025, specific **external privacy audits** were carried out. In particular, on-site audits were conducted to assess compliance with security requirements in scope and applicable privacy regulations for three processors selected on a sample basis and engaged in the following activities.
Within Tamini Trasformatori S.r.l., three internal audits and one external audit were conducted on a supplier appointed as data processor under Article 28 GDPR. The external audit findings showed a good level of compliance among the suppliers assessed.



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Metrics and objectives related to own workforce

MDR-T
S1-5

TARGETS OF THE 2024-2028 SUSTAINABILITY PLAN

As part of the 2024-2028 Sustainability Plan update, the Terna Group has defined a series of specific targets aimed at assessing the progress made with respect to its workforce and the related material impacts, risks and opportunities, also with a view to ensuring a clear path towards achieving the objectives identified by the thematic policies adopted by the Group and reported on previously.

Targets of the 2024-2028 Sustainability Plan update - "Sustainable value chain" Pillar

TARGET	TARGET BOUNDARY	METRIC AND RELATED UNIT OF MEASUREMENT	BASELINE YEAR / BASELINE VALUE	AMOUNT 2025	MILESTONE 2025	2026	2027	2028
EXCELLENCE IN SAFETY: Construction of the new company-wide workplace health and safety model in a BBS (Behavioral Based Safety) perspective for both own and contracted activities	Terna Group	Safety Indicator N°	2024 1	0.79	≤1	≤1	≤1	≤1
Continuation of Gender Equality programme at Company level	Terna Group	Women as a percentage of the total workforce %	2024 18.3%	19.5%	18.8%	19 %	20%	20%
Continuation of Gender Equality programme at Company level	Terna Group	Percentage of women managers up to two levels below the CEO out of total managers two levels below the CEO* %	2023 26.7%	31.2%	25%	25%	25%	26%

** The target reported for the three-year period 2025-2028 is intended as a minimum threshold.*

The above targets were processed and represented, for the first time, in the 2024-2028 Sustainability Plan, the first integrated with the Industrial Plan. The updated Sustainability Plan, whose guidelines were shared at the Sustainability Governance and Scenarios Board Committee and also represented within the Industrial Plan document submitted to the board of directors, did not require any particular changes in terms of metrics or methodologies for these objectives. As shown in the table, in 2025 the safety index for the Terna Group was 0.79, while for **companies operating in transmission and dispatching** it was 0.75, in line with the annual target (≤1). The percentage of female managers up to two levels below the Chief Executive Officer out of the total number of managers at that level was 31.2 in 2025 (fully achieving the target of 25% for 2025), and the target value for the 2025-2028 period is to be understood as a minimum threshold that the Group commits not to fall below.

Note that current performance and overperformance levels will be subject to further analysis in order to appropriately update the target trajectory in the next Sustainability Plan.

The targets set out in the table are consistent with the purposes expressed within the Terna Group's Integrated Management System Policy, for the portion concerning the Workplace Health and Safety Management System, in compliance with the UNI ISO 45001:2023 standard, and the Diversity, Equity & Inclusion Policy (DE&I).

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These targets were drawn up taking into account the main international frameworks (e.g. ILO, UNI ISO 45001:2023, GRI, UNI/PdR 125:2022) and also take into account the requirements expressed by the various rating agencies specialised in sustainability issues. In particular, the safety indicator expresses the accident level defined as the weighted average over the previous three years of the frequency and severity indicators. A safety indicator below 1 reflects an improvement over the past, indicating a strengthening of the management of the relevant business controls.

This index provides a concise measure of the Group's commitment to safety and is aligned with several other objectives in the Sustainability Plan, within the action area "Strengthening and dissemination of health and safety culture".

With regard to the process for defining and updating targets, monitoring the related performance, and engaging employees, reference should be made to the section "The strategy – 2024-2028 Sustainability Plan update".

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METRICS RELATED TO OWN WORKFORCE

MDR-M
S1-6

Characteristics of the undertaking's employees

	U.M.	2025 WOMEN	2025 MEN	2025 OTHER	2025 NOT DISCLOSED	2025 TOTAL	2024 WOMEN	2024 MEN	2024 OTHER	2024 NOT DISCLOSED	2024 TOTAL
Permanent employees	N°	1,372	5,665	0	0	7,037	1,163	5,213	0	0	6,376
Temporary employees	N°	17	63	0	0	80	11	33	0	0	44
Non-guaranteed hours employees	N°	0	0	0	0	0	0	0	0	0	0
Total employees	**N°**	**1,389**	**5,728**	**0**	**0**	**7,117**	**1,174**	**5,246**	**0**	**0**	**6,420**

The increase observed over the two-year period is mainly due to workforce growth in transmission and dispatching companies to meet organisational and operational needs, as well as workforce growth in the Altenia Group following the acquisition of STE Energy S.r.l.

	U.M.	2025 WOMEN	2025 MEN	2025 OTHER	2025 NOT DISCLOSED	2025 TOTAL	2024 WOMEN	2024 MEN	2024 OTHER	2024 NOT DISCLOSED	2024 TOTAL
Italy	N°	1,336	5,296	0	0	6,632	1,121	4,856	0	0	5,977
Europe	N°	44	312	0	0	356	46	280	0	0	326
Rest of the world	N°	9	120	0	0	129	7	110	0	0	117
Total employees	**N°**	**1,389**	**5,728**	**0**	**0**	**7,117**	**1,174**	**5,246**	**0**	**0**	**6,420**

	U.M.	2025 ITALY	2025 EUROPE	2025 REST OF THE WORLD	2025 TOTAL	2024 ITALY	2024 EUROPE	2024 REST OF THE WORLD	2024 TOTAL
Permanent employees	N°	6,604	332	101	7,037	5,951	308	117	6,376
Temporary employees	N°	28	24	28	80	26	18	0	44
Non-guaranteed hours employees	N°	0	0	0	0	0	0	0	0
Total employees	**N°**	**6,632**	**356**	**129**	**7,117**	**5,977**	**326**	**117**	**6,420**

	U.M.	2025	2024
Employees as at 31/12 of the previous year	N°	6,420	5,927
Employees who left	N°	277	253
Employee turnover rate	%	4.3	4.3

The turnover rate remained stable over the two-year period.

The total number of employees matches the closing balance of employees at 31 December 2025, in line with that set out in note "5. Personnel expenses" of the Consolidated financial statements. Moreover, the turnover rate is the percentage ratio between the number of employees terminated during the reporting year and the number of employees in service at the end of the previous year. The number of employees terminated during the year includes employees whose employment was terminated as a result of retirement, incentivised termination, spontaneous resignation, dismissal and death in service.

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MDR-M
S1-7

Characteristics of non-employee workers in the undertaking's own workforce

	U.M.	2025	2024
Total of non-employee workers	**N°**	**113**	**72**

The total number of non-employee workers includes the following contractual categories:

- **contract:** means an open-ended or fixed-term contract with which an authorised party (employment agency, Job Centre, former temping agency) makes one or more of its employees available to a Terna Group company. The figure refers to the number of supply contracts, as at 31/12 of the reporting year;
- **internship or apprenticeship:** means a contract that provides for the temporary placement of resources within Terna Group companies in order to implement an alternating school/work path within the scope of training processes. The figure refers to the number of internship or apprenticeship contracts as at 31 December of the reporting year;
- **coordinated and continued collaboration:** means an agreement whereby an employee undertakes to work on an ongoing basis for a Terna Group company with the objective of achieving an agreed result. The figure refers to the number of coordinated and continued collaboration contracts (Co.co.co), as at 31 December of the reporting year;
- **self-employed workers:** professionals providing services to the company without an employment relationship. The figure refers to the number of self-employed contracts as at 31 December of the reporting year.

Over the two-year period, the increase in non-employee workers is mainly due to the higher number of agency contracts entered into by Tamini Trasformatori S.r.l.

MDR-M
S1-8

Collective bargaining coverage and social dialogue

	U.M.	2025	2024
Number of employees covered by collective bargaining agreements	N.	6,690	5,977
Number of employees	N.	7,117	6,420
Percentage of total employees covered by collective bargaining agreements	%	94.0	93.1

	COLLECTIVE BARGAINING	SOCIAL DIALOGUE
COVERAGE RATE	EMPLOYEES – EEA (FOR COUNTRIES WITH > 50 EMPL. REPRESENTING > 10% TOTAL EMPL.)	WORKPLACE REPRESENTATION (EEA ONLY) (FOR COUNTRIES WITH > 50 EMPL. REPRESENTING > 10% TOTAL EMPL.)
0 - 19 %		
20 - 39 %		
40 - 59 %		
60 - 79 %		
80 - 100 %	Italy	Italy

All employees of the companies based in Italy are covered by collective bargaining agreements, and consequently by trade union representatives in the workplace. In particular, for companies engaged in the transmission and dispatching, the National Collective Labour Agreement (CCNL) for the electricity sector applies. Employees of the Tamini Group, Altenia Group and Brugg Cables Italia S.r.l. are subject to the CCNL for the metalworking sector. Employees of Terna Crna Gora d.o.o. are subject to the General Collective Agreement of Montenegro and the sectoral Collective Agreement for Energy. For employees of Brugg Cables in Germany, in the absence of a company-level collective agreement working conditions are governed by national laws and individual employment contracts, in line with the standards of the German industrial

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relations system. For employees of Brugg Cables Company Ltd., where the Saudi Arabian industrial relations system does not provide for collective agreements comparable to those in Italy, working conditions are defined in accordance with national laws and individual employment contracts.

For completeness, note that for some foreign companies not operating in Italy there is no collective agreement deriving from collective bargaining. For example, in Switzerland, bargaining follows local/cantonal regulations, which coexist with company-level rules. For this reason, employees in these entities are not counted among those covered by collective bargaining.

MDR-M
S1-9

Diversity metrics

SENIOR MANAGEMENT EMPLOYEES	U.M.	2025	2024
Women	N°	29	27
Men	N°	64	60
Other	N°	0	0
Not disclosed	N°	0	0
Total	**N°**	**93**	**87**
Women	%	31.2	31.0
Men	%	68.8	69.0
Other	%	0	0
Not disclosed	%	0	0

Senior management employees are defined as the managerial positions (Executives and Middle Managers) one and two levels below the Chief Executive Officer of Terna S.p.A. as at 31 December of the reporting year.

		2025				2024			
	U.M.	< 30 YEARS	30-50 YEARS	> 50 YEARS	TOTAL	< 30 YEARS	30-50 YEARS	> 50 YEARS	TOTAL
Women	N°	243	875	271	1,389	196	726	252	1,174
Men	N°	1,020	3,365	1,343	5,728	976	2,992	1,278	5,246
Other	N°	0	0	0	0	0	0	0	0
Not disclosed	N°	0	0	0	0	0	0	0	0
TOTAL	**N°**	**1,263**	**4,240**	**1,614**	**7,117**	**1,172**	**3,718**	**1,530**	**6,420**

The increase in workforce in 2025 was mainly attributable to the rise in employees under 30 years of age.

MDR-M
S1-10

Adequate wages

Thanks to the application of the national collective labour agreement, which applies to all employees employed in Italy, an adequate salary in line with the applicable benchmarks is guaranteed. With regard to employees working abroad, the protections provided for by applicable local regulations and according to local market parameters are guaranteed, thus ensuring an adequate wage.

MDR-M
S1-11

Social protection

With reference to the Terna Group's employees in Italy, they are also guaranteed a form of social protection that protects them in the event of loss of income due to circumstances such as illness, unemployment, accidents at work or acquired disability, parental leave and, finally, retirement.
Also for the Group's foreign companies, the social protection safeguards provided for by the local regulations in force are guaranteed.

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MDR-M
S1-12

Persons with disabilities

PERSONS WITH DISABILITIES	U.M.	2025	2024
Number of employees with disabilities	N°	251	224
Percentage of employees with disabilities	%	3.5	3.5

The figure shown refers to the number of workers belonging to protected categories under Law 68/99 as at 31 December of the reporting year. This refers to personnel in service in Italy, since the figure for employees with disabilities abroad is equal to 0. Disabled employees are persons hired through the targeted employment procedure provided for by Law 68/99, who are in a recognised disabled condition greater than 46%; persons in service who have been recognised as disabled greater than 60%; persons hired through the targeted employment procedure provided for by Law 68/99 who are in disadvantaged/social hardship situations (orphans and spouses of victims of work, war, acts of terrorism, etc.).

MDR-M
S1-13

Training and skills development metrics

	U.M.	2025 WOMEN	2025 MEN	2025 OTHER	2025 NOT DISCLOSED	2025 TOTAL	2024 WOMEN	2024 MEN	2024 OTHER	2024 NOT DISCLOSED	2024 TOTAL
Employees who participated in periodic reviews	N°	1,230	4,747	0	0	5,977	953	4,238	0	0	5,191
Employees	N°	1,389	5,728	0	0	7,117	1,174	5,246	0	0	6,420
Employees who participated in periodic reviews	%	88.6	82.9	0	0	84.0	81.2	80.8	0	0	80.9

	U.M.	2025 NUMBER OF TRAINING HOURS	2025 AVERAGE TRAINING HOURS	2024 NUMBER OF TRAINING HOURS	2024 AVERAGE TRAINING HOURS
Woman	N°	78,728	56.7	48,156	41.0
Man	N°	343,610	60.0	268,535	51.2
Other	N°	0	0	0	0
Not disclosed	N°	0	0	0	0
Total	**N°**	**422,338**	**59.3**	**316,691**	**49.3**

The systems used by the Terna Group to assess employees are the people for performance – P4P system and short-term incentive schemes (short-term incentives, management by objectives, project bonuses and sales incentives).
The P4P performance management system is used to assess employees of Terna S.p.A., Terna Rete Italia S.p.A., Terna Plus S.r.l. and Terna Energy Solutions S.r.l. and, from 2025, it has also been extended to white-collar employees of the Brugg Cables Group, Altenia S.r.l., Halfbridge Automation S.r.l., Tamini Trasformatori S.r.l. and Terna Crna Gora d.o.o.

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All employees of the above companies are subject to performance evaluation, except for employees who left during the year, trade union secondments, hires from 16 September of the reporting year and long-term absentees (e.g. seconded to public office, sick leave exceeding one month, etc.).
The percentage of employees who participated in periodic performance reviews was calculated as the ratio between the number of employees who took part in periodic reviews, broken down by gender, and the total number of employees by gender category as at 31 December.
Average training hours are the result of the ratio of the total number of training hours offered and completed by employees per gender category in the reporting year to the total number of employees per gender category as at 31 December.
In the 2025 reporting year, to better reflect the management tools adopted, it was deemed appropriate to include the total number of evaluations in the metric, counting – for employees subject to multiple assessments – both reviews carried out through the P4P system and those linked to short-term incentive schemes. This resulted in a recalculation of the value for 2024, when only one evaluation system per employee had been considered.

According to the methodology used in 2024, the employees who participated in periodic reviews were 5,170.

Compared to the previous year, an increase in the number of employees who participated in periodic reviews was observed in 2025, mainly driven by the extension of the people for performance - P4P system, including to companies not operating in transmission and dispatching. In addition, over the same period there was an increase in training hours due to the expansion of the training plan and the introduction of the learning index. For further details, see the paragraph “Training initiatives”.

MDR-M
S1-14

Health and safety metrics

	U.M.	2025 EMPLOYEES	2024 EMPLOYEES
Workers covered by the undertaking’s health and safety management system based on legal requirements and/or recognised standards or guidelines	%	98.1	98.3
Number of fatalities as a result of work-related injuries and work-related ill health	N°	0	0
Number of recordable workplace accidents	N°	39	46
Rate of recordable work-related accidents	N°	3.3	4.2
Number of cases of recordable work-related ill health	N°	0	0
Number of days lost to work-related injuries and fatalities from work-related accidents, work-related ill health and fatalities from ill health	N°	1,464	1,455

	U.M.	2025 WORKERS IN THE VALUE CHAIN	2024 WORKERS IN THE VALUE CHAIN
Number of fatalities as a result of work-related injuries and work-related ill health for value chain workers	N°	0	1

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The percentage of workers covered by the health and safety management system refers to own workforce. Employees of companies based in Italy are 99% covered.
The number of recordable workplace accidents corresponds to accidents with at least one day's abstention from work recorded and reported to the competent social security institution.
The workplace accident rate is calculated as the ratio of the number of workplace accidents recorded to the number of hours worked in the year (given by the sum of hours worked, overtime hours, training hours and travel hours), multiplied by 1 million.
With regard to the days lost due to accidents, in the reporting year days not worked due to accidents occurred while commuting are excluded from the calculation of days not worked due to accidents, with the exception of days when transport was organised by the company. Where an injury spans two reporting years, the injury is recorded in the year it occurred, while lost days are accounted for in the year they are actually taken. A reduction in the number of injuries at the Group level was observed over the two-year period, mainly attributable to the decrease in incidents at Terna Rete Italia S.p.A. This trend is attributable to the prevention measures implemented by the Company during 2025, described in the paragraph "Workplace health and safety initiatives".

Work-life balance metrics

MDR-M
S1-15

In accordance with current legislation and company regulations on family-related leave, all Group employees are entitled to benefit from family-related leave, provided the conditions set out in the relevant legislation are met.

	U.M.	2025 WOMEN	2025 MEN	2025 OTHER	2025 NOT DISCLOSED	2025 TOTAL	2024 WOMEN	2024 MEN	2024 OTHER	2024 NOT DISCLOSED	2024 TOTAL
Percentage of entitled employees that took family-related leave	%	17.6	10.2	0	0	11.6	21.4	10.7	0	0	12.7

The figures in the table refer to the number of employees in the workforce as at 31 December who took family-related leave at least once during the reporting year. The figure is measured against the year-end workforce.

MDR-M
S1-16

Remuneration metrics (pay gap and total remuneration)

	U.M.	2025	2024
Gender pay gap	%	3.8	4.1

	U.M.	2025	2024
Pay ratio*	n°	55	34

** The pay ratio is the annual total remuneration ratio of the highest paid individual to the median annual total remuneration for all employees.*

The gender pay gap was calculated as average gross hourly remuneration of male Terna Group employees minus average gross hourly remuneration of female Terna Group employees, divided by the average gross hourly remuneration of male Terna Group employees multiplied by 100. Gross hourly remuneration means the employee's total gross annual remuneration with the inclusion of all fixed and variable, monetary and non-monetary components, divided by the total number of theoretical working hours.

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The following factors were considered for the purposes of the calculation:

- as an indication of total gross annual remuneration, the highest value for each employee between social security and taxable income;
- as an indication of the total number of theoretical working hours, the number of working hours (in proportion to actual employment during the year) referred to the labour regulations applied by Group companies;
- personnel in service as at 31 December 2025 with an employment contract.

In order to monitor the ratio between the remuneration of the Chief Executive Officer and General Manager, the position with the highest salary and the Terna Group's corporate population (Pay Ratio), the ratio between the total gross annual remuneration of the Chief Executive Officer and General Manager and the median total gross annual remuneration of the Terna Group's corporate population (the latter excluding the total gross annual remuneration of the Chief Executive Officer and General Manager) was calculated.

Total gross annual remuneration refers to the employee's remuneration with the inclusion of all fixed and variable, monetary and non-monetary components.

The following factors were considered for the purposes of the calculation:

- as an indication of total gross annual remuneration, the highest value for each employee between social security and taxable income;
- personnel in service as at 31 December 2025 with an employment contract.

Finally, the difference compared to last year's pay ratio, calculated using this method, is due to the full implementation of long-term incentive plans for the Chief Executive Officer and General Manager, as provided for by the remuneration policy.

Incidents, complaints and severe human rights impacts

MDR-M
S1-17

In 2025, 10 Ethics Committee meetings were held, during which 12 reports were discussed (of the 12 reports, 3 relate to 2024). The disclosure relating to the reports received by the Group during 2025 was summarised in the following table and detailed below.

	2025	2024
Total number of discrimination incidents:	0	0
- of which harassment	*0*	*0*
Number of complaints submitted through the channels set up by the company	12[101]	11

First of all, it should be noted that none of the reports received, deemed eligible and investigated during 2025 concerned incidents of discrimination, including harassment, taking into account the definition of harassment given in the ESRS standard set out in Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU of the European Parliament and of the Council with regard to sustainability reporting statement principles.

With reference to the reports submitted, of the 12 received in 2025:

- 2 concerned Terna S.p.A., of which:
  - 1 was considered substantiated and related to "Relations with suppliers";
  - 1 related to "Employee treatment" and was deemed inadmissible.

[101] The number refers to the reports discussed in 2025. Of these 12 (9 were received via the channels set up by the company, while the remainder were otherwise forwarded to the operator). Of the 12 reports, 9 were received in 2025 and 3 in the last quarter of 2024 and examined in 2025 in line with the timelines envisaged.

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- 9 concerned Terna Rete Italia S.p.A., of which:
  - 2 related to "Proper application of company procedures/CCNL" were considered substantiated;
  - 3 related to "Employee treatment" were considered unsubstantiated;
  - 1 relating to a request for information on a response was considered unsubstantiated;
  - 1 relating to "Environment and Safety" was considered unsubstantiated;
  - 1 related to "Employee treatment" was deemed inadmissible;
  - 1 is under further investigation and is therefore under review by the Ethics Committee.
- 1 report, relating to "Employee treatment", concerned Brugg Kabel AG and was considered unsubstantiated.

For the purposes of the Consolidated Sustainability Statement of the Terna Group and on account of the reporting standards, the outcomes of the reports reviewed during 2025[102] are summarised below:

- filed deemed "unsubstantiated": 8 reports;
- substantiated "with follow-up and with action": 3 reports[103];
- substantiated "with follow-up without action": 0 reports.

For the sake of completeness of information, it should be noted that the detail of the values for 2024 is available on page 312 of the 2024 Annual Report, as part of the 2024 Consolidated Sustainability Statement.

It is reported that, in 2025, no instances of non-compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, the OECD Guidelines for Multinational Enterprises or the United Nations Global Compact Principles relating to workers in the value chain, local communities and customers were reported. Finally, there were no serious human rights incidents in 2025, nor cases of non-compliance with the UN Guiding Principles on Business and Human Rights, ILO Declaration on Fundamental Principles and Rights at Work or OECD Guidelines for Multinational Enterprises.

[102] With regard to the total number of reports received in 2025, it is acknowledged that there are a total of 11, and that the remaining 2, which arrived in the last quarter of 2025, will be analysed, again in accordance with the expected timelines, during 2026.
[102] These reports were not subject to sanctions or fines imposed by external bodies.

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Workers in the value chain [ESRS S2]

S2 | SBM-2
S2 | SBM-3

Management of the impacts, risks and opportunities related to workers in the value chain

Terna recognises that a sustainable value chain must be able to identify and manage negative impacts, aiming to maximise benefits for workers. This approach contributes to the establishment of production models that respect the human rights of the people involved.

With this objective in mind, preventive and mitigation measures were adopted to address potential impacts related to the working conditions of employees along the value chain that may be related to the occurrence of individual incidents, such as possible breaches of codes of conduct resulting in issues related to working hours and employment stability, or accidents events. Specifically, the risk of injuries or accidents to workers can also result in serious reputation repercussions.

In order to prevent such incidents, **compliance is contractually imposed with specific conditions that protect workers' rights**: The commitment to take special precautions in order to comply with the requirements for awarding contracts and for qualification **may lead contractors to improve their internal worker management practices** leading to a **positive contribution** in terms of working conditions and equal treatment. These commitments not only help to strengthen the sustainability and resilience of the business model, but also contribute to ensuring the sustainability of its supply chains by generating possible positive impacts on workers as well. In this context, workers in the value chain represent a central stakeholder group, to which specific objectives of the Group Sustainability Plan are also related.

These include, for activities upstream in the value chain: workers from companies engaged in the procurement of materials and finished products (which includes the purchase of materials needed for the production processes of subsidiaries and the purchase of finished products needed for the Group's other activities), including the procurement of labour by third-party companies for the Group's core activities (through labour and service contracts). Moreover, the Terna Group also considers workers belonging to its value chain to be workers who perform their activities at the company's premises but who are not part of its own workforce. Looking instead at activities down the value chain, this includes workers employed in companies involved in transport and logistics activities and in waste and end-of-life management of assets and works.

Evidence from the due diligence on human rights and the Double Materiality assessments to date has not revealed any supplies for which there is a significant risk of child labour, forced labour or compulsory labour, due in part to the **strong prevalence of national suppliers determined by the specific nature of the business**.

As far as overseas suppliers are concerned, **the Country risk is assessed**, namely the possibility of incurring damage if incidents or events occur that may be linked to the economic, social and political environment of the country in which the supplier normally operates. This risk is, for the time being, very limited, given the prevalence of domestic and EU suppliers. However, it could become more significant

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in view of the possible expansion of procurement markets overseas. Objective elements are used in the analysis and **assessment of the most relevant risk factors**, which relate to economic and political governance issues in the various countries, and with **respect to internationally agreed human rights protocols**, including the ratification of UN and ILO conventions, together with the assessments made by the main international Non-Governmental Organisations and the leading rating agencies actively concerned with these issues. As these assessments are regularly updated, they enable the Company to constantly monitor developments in the related environment. In addition to these assessments, restrictive measures are also issued by Italian, EU and non-EU authorities, entailing limitations on the free movement of goods (trade embargoes) or rules of conduct in the case of transactions with countries that have preferential tax treatment (tax havens).

In the case of **suppliers belonging to ESG-relevant sectors**, **more stringent social** and **environmental qualifications** are required. These specific sectors are periodically identified on the basis of the product categories whose relevance to the business is assessed (the amount supplied, problems for the core business), as well as social aspects (health and safety and working conditions) and environmental aspects (significant environmental impacts in the production chain, relating to the use of resources, at the end of the asset's useful life)[104]. Inclusion in this category leads to particular attention being paid during the qualification phase and in the development of technical specifications, as well as a commitment to adopt special precautions regarding categories not subject to qualification. Finally, **given the substantial use of external labour at construction sites, works contracts are subject to stricter rules**, not only in terms of qualification but also regarding management, with the introduction of additional health and safety measures.

SUMMARY OF MATERIAL IMPACTS, RISKS AND OPPORTUNITIES ON WORKERS IN THE VALUE CHAIN

IMPACTS, RISKS AND OPPORTUNITIES	REFERENCE SUB-TOPIC
Positive impacts	
Improvement of the working conditions of contractor employees, including through compliance with the principles of Terna's Code of Ethics, as established in contractual agreements	Equal treatment and opportunities for all
Negative impacts	
Infringements and violations within the value chain, e.g. due to reports of critical issues concerning workers' working conditions (employment stability, working hours, etc.)	Working conditions
Accident events among contractor employees also due to a lack of awareness of the topic	
Risks	
Injuries / accidents to the detriment of employees, contractors and subcontractors	Working conditions

[104] Such as, for example, belonging to product groups related to labour-intensive sectors with low qualification and specialisation of resources or to supply chains classified as polluting on the basis of lists and databases drawn up by external bodies.

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POLICIES RELATED TO WORKERS IN THE VALUE CHAIN

Recognising the importance of issues relating to workers in the value chain, and in line with the findings of the Double Materiality Assessment, the Terna Group has adopted a structured system of policies to support the management of impacts, risks and opportunities. These policies, defined in compliance with applicable regulations and relevant best practices and periodically updated in response to evolving external conditions and insights arising from stakeholder engagement activities, are summarised in the dedicated section "Terna Group's policies for the management of impacts, risks and opportunities", within the "General disclosures" section.

The following information, contained in these policies, relates directly to workers in the Terna Group's value chain.

Code of Ethics

The Code of Ethics[105] defines the values of loyalty, integrity, transparency and responsibility that guide the Group in its relationships with all stakeholders. With specific regard to workers in the value chain, the Terna Group is committed as far as possible to a comprehensive presentation of the risks associated with carrying out work on behalf of the company and the related prevention measures. With suppliers from countries defined as being 'at risk' by recognised organisations, contractual clauses are introduced which require: self-certification by the supplier of fulfilment with specific social obligations (e.g. measures that guarantee workers respect for fundamental rights, principles of equal treatment and non-discrimination, child labour protection) and the option to use control actions at the supplier company's production units or operating sites.

Guideline "Respect for Human Rights within the Terna Group"

Alongside the Code of Ethics, the Group has adopted the Guideline "Respect for Human Rights in the Terna Group"[106]. With reference to workers in the value chain, through this Guideline the Group is primarily committed to promoting high ethical standards, including in countries where local laws do not fully guarantee respect for human rights. More specifically, the policy focuses mainly on labour-related human rights, in particular those set out in the 1998 International Labour Organisation (ILO) Declaration.

Sustainability policy

Also with regard to value chain workers, the Terna Group Sustainability Policy plays a key role in managing related impacts, risks and opportunities[107]. Through this policy, the Group seeks to safeguard the rights of people working within the value chain and is committed to:

- promoting injury prevention among workers through a structured process aimed at minimising health and safety risks;
- ensuring respect for human rights, including promoting and fostering inclusion and diversity;
- identifying higher-risk areas within the value chain and verifying related prevention measures through targeted due diligence.

[105] For further information regarding the "Code of Ethics", reference should be made to the section "Terna Group's policies for the management of impacts, risks and opportunities" within the "General disclosures" section, as well as to the section "Policies relating to corporate culture and business conduct" within the "Governance information" section.
[106] For further information on the Guideline "Respect for Human Rights within the Terna Group", reference should be made to the section "Terna Group's policies for the management of impacts, risks and opportunities" within the "General disclosures" section, and the paragraph "Own Workforce policies" in the "Social information" section.
[107] For further information regarding the "Sustainability Policy", reference should be made to the section "Terna Group's policies for the management of impacts, risks and opportunities" within the "General disclosures" section, as well as to the section "Policies related to climate change" within "Environmental information".

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Terna's Supplier Code of Conduct

The Supplier Code of Conduct consists of an articulated summary of guidelines on the conduct required of suppliers through the signing of specific forms and declarations that it acquires during the qualification phase (where applicable), with the definition of tender participation requirements and, in the award phase, through contractual documentation. With specific reference to aspects related to working conditions and equal treatment and opportunities, the following points should be noted:

- **human rights and equal opportunities:** suppliers are expected to respect and promote the universally recognised human rights affirmed in the UN Universal Declaration of Human Rights and the Declaration on Fundamental Principles and Rights at Work issued by the ILO. Consistent with these principles, suppliers therefore undertake to respect the personal dignity, privacy and rights of each individual and to avoid any form of discrimination on grounds of race, colour, sex, language, religion, political opinion, nationality, background and social status, trade union membership, age, health condition or disability;
- **verbal and physical violence:** Suppliers undertake not to permit any form of verbal, physical or mental abuse, harassment, threats, inhuman or humiliating treatment, corporal punishment or any other form of intimidation;
- **forced or child labour:** Suppliers shall not use forced or child labour and shall avoid any form of undeclared work;
- **freedom of association:** Suppliers are required to guarantee the right of workers to freely form trade union associations and to recognise the right to collective bargaining;
- **remuneration and working hours:** The working hours of the suppliers' employees may not exceed the maximum limit indicated by the applicable laws and the minimum remuneration may not be lower than that laid down by the collective bargaining agreements and the applicable legislative and regulatory frameworks in force in the various countries;
- **health and safety:** Suppliers must ensure a safe and healthy working environment and comply with all health and safety regulations. Suppliers must put in place all the health and safety measures required by current legislation on the prevention of accidents at work and occupational hygiene, including appropriate training on the subject for their employees. The adoption of certified employee health and safety management systems is regarded positively.

Terna expects all of its suppliers to share and comply with these principles and in turn to promote them to its own suppliers and subcontractors.

The monitoring and control of ESG issues within the value chain requires the involvement of various structures that verify that the documentary requirements are fulfilled by suppliers, including through on-site visits. Examples include, but are not limited to, the Purchasing and Procurement and HSE Quality and Risk functions.

The principles of conduct incorporate what is set forth internationally in the UN Universal Declaration of Human Rights, the Declaration on Fundamental Principles and Rights at Work and the Conventions issued by the ILO and the Ten Principles of the Global Compact as well as what is set out in the UN Guiding Principles for Business and Human Rights and the OECD guidelines for Multinational Enterprises.

The principles set out in the policy are disseminated among stakeholders by making the document available on the institutional website.

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THE ENGAGEMENT PROCESS WITH VALUE CHAIN WORKERS

In terms of **engagement initiatives**, with specific reference to supply chain safety culture, the Excellence in Safety (EIS) programme continued at construction sites in 2025, involving contractors. EIS aims to **consolidate safety culture** and strengthen **collaborative relationships** based on a shared foundation of knowledge, technical expertise, good working practices and in particular new cultural and behavioural models of awareness and responsibility towards oneself and others.

Alongside the EIS Programme, as a further engagement initiative, the activities carried out within the context of the **Terna-ANIE Safety Technical Working Group** (National Federation of Electrical and Electronic Companies) are also of note. The aim of this initiative, in place for more than ten years, is to define, **share** and **adopt** specific **guidelines, policies** and **technical procedures to minimise risks at work** and **prevent injuries** during the performance of work activities, also based on the best practices identified and the use of innovative individual devices. The effectiveness and continuity of the Working Group with ANIE (which also includes representatives of companies in the Group's value chain) is ensured by the commitment of company management, in particular the General, Legal and Corporate Affairs Department. The efforts of the working group are coordinated by Terna S.p.A.'s AGLS-HSEQ-Health & Safety Manager and take place at least once a year.

Note also that as part of the 2025 Double Materiality Assessment, a series of one-to-one interviews were conducted with Group suppliers, during which impacts relating to workers in the value chain were also presented and assessed. Further strengthening of engagement activities is also envisaged in relation to the Group's objectives on supplier capacity building, included within the broader initiative relating to the progressive implementation of the Corporate Sustainability Due Diligence Directive included in the 2024-2028 Sustainability Plan.

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PROCESSES TO REMEDIATE NEGATIVE SOCIAL IMPACTS ON WORKERS IN THE VALUE CHAIN

With reference to information concerning processes to remedy negative social impacts on workers in the value chain, see the paragraph "Processes to remedy negative social impacts" contained in the "Social information", "Own Workforce [ESRS S1]" section.

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ACTIONS RELATED TO WORKERS IN THE VALUE CHAIN

In the course of its activities, the Terna Group implements a series of actions aimed at preventing, mitigating, correcting or improving the impacts and addressing the material risks associated with workers in the value chain, in line with the principles and objectives of the policies adopted and set out above.
Based on the scope of reference, the actions implemented during 2025 are set out below.

Monitoring of suppliers' social requirements

In order to prevent possible negative impacts related to contractor employees' working conditions, a **number of requirements** focusing **on social aspects** (human rights, working conditions), among others, are required for contractualisation, which for some ESG-relevant sectors are necessary from the qualification phase.

Within the context of procurement of goods and services, the main requirements subject to monitoring include: integrity pact (text verified by Transparency Italy), anti-mafia certification, application of the collective labour agreements, the payment of tax and social security contributions, the absence of environmental offences, the absence of serious breaches of labour safety regulations and regularity of employment of legally protected categories. Any non-conformities identified may result in penalties or contract termination. Specifically, note that checks on these requirements are systematically carried out during the supplier contracting phase. All suppliers are required to commit contractually to **aligning their conduct with the provisions of the Code of Ethics and the 231 Model**, compliance with which ensures appropriate company practices and policies also with respect to social requirements.

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To verify the effectiveness of this action, monitoring of the coverage of related verification activities is envisaged, which in 2025 reached 100% for basic requirements[108] and 79% for additional requirements[109].

In the sectors at greatest risk in terms of sustainability (primarily works, global services and some supplies), the ability to protect workers' health and safety is also required, represented by corporate procedures focused on key elements of the international UNI EN ISO 45001 standard. Both at the qualification stage and during the three-year qualification period, Terna ensures that suppliers meet the qualification requirements, including the various ESG aspects, through document audits and on-site checks.
For more details on supplier selection and qualification initiatives, see the section on "Supplier relationship management" in the "Governance information" section.

Preventive health and safety control system

In the context of contracting activities, site inspections are carried out in order to verify the **correct application of the accident prevention** regulations by the appointed health and safety professionals and the contractors, thereby defining a two-level health and safety control system:

- **first level:** reporting to the Client's structure, which carries out control activities through checks on the work of the Health and Safety Coordinator during Execution (CSE) and the contractors;
- **second level:** reporting to the Group, in particular to the Health & Safety and Environmental Protection structures, which, through spot checks, monitors the entire management and control process at construction sites.

Second-level audits include audits at the request of the Supervisory Bodies and the Qualification Committee, e.g. on the occasion of serious accident events or within the scope of the qualification process.

During 2025, 295 worksite inspections were carried out, 278 of which were first-level and 17 second-level inspections, relating to the health and safety part of the worksite on the following aspects (compartments): worksite organisation and road conditions; worksite documentation; PPE, equipment and means of work; work phases and operational risks; verification of the work of health and safety coordinators.
Moreover, 2 site inspections were carried out in relation to construction sites within the non-regulated scope.

Accident risk minimisation

Also for 2025, a process has been put in place to adopt, if an injury or near miss occurs to a Group employee or a contractor, possible risk mitigation measures also for the purpose of prevention. Specifically, in the case of injuries or near misses, the **local Safety and Environment Control Unit** structure drew up, with the collaboration of the worker involved and his or her structure, an **injury/near miss form** in which the causes and dynamics of the events were reported, as well as an indication of the measures to be adopted to prevent the occurrence of new incidents. In the case of a serious injury, or when a more in-depth investigation is called for, an internal commission comprised of Terna safety experts and specialists was set up and entrusted with drafting a detailed report containing the preventive measures to be adopted throughout the Company. The Company also developed a **cultural transformation programme** called **Excellence in Safety**, focused on people, their conduct and relative impact. The programme is based on the practice of safety routines, and in particular on the voluntary reporting of positive and negative safety observations and near misses by workers. Reports are considered a question of prevention and continuous improvement and not a form of complaint.
Monitoring of the actions implemented by the Group to minimise the risk of injuries is implemented through the reporting of specific sustainability KPIs, in particular the number of fatalities as a result of work-related injuries and work-related ill health for value chain workers, which is linked to the objective set out in the 2024-2028 Sustainability Plan update, as shown in the table presented in the following paragraph. Monitoring of this KPI therefore demonstrates how the Group continuously assesses the effectiveness of its actions.

[108] Compliance with the principles and behaviours provided for in Terna S.p.A.'s Code of Ethics and 231 Model.
[109] Integrity pact (text verified by Transparency Italy), anti-mafia certification, which checks: the application of the collective labour agreements, the payment of tax and social security contributions, the absence of environmental offences, the absence of serious breaches of labour safety regulations, regularity of employment of legally protected categories, and the absence of any impediment to undertaking public contracts.

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Metrics and targets relating to workers in the value chain

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TARGETS OF THE 2024-2028 SUSTAINABILITY PLAN

As part of the update of 2024-2028 Sustainability Plan, the Terna Group has defined a series of specific targets aimed at assessing the progress made with respect to workers in the value chain and the material impacts and risks associated with them, also with a view to ensuring a clear path towards achieving the targets identified by the thematic policies adopted by the Group and reported on previously.

Targets of the 2024-2028 Sustainability Plan update - "Sustainable value chain" Pillar

TARGET	TARGET BOUNDARY	METRIC AND RELATED UNIT OF MEASUREMENT	BASELINE YEAR / BASELINE VALUE	VALUE 2025	MILESTONE 2026	MILESTONE 2027	MILESTONE 2028
EXCELLENCE IN SAFETY: Construction of the new company-wide workplace health and safety model in a BBS (Behavioral Based Safety) perspective for both own and contracted activities	Terna Group	No. of fatalities (contractor employees)	2024 0	0	0	0	0

The above target was defined and set out, for the first time, in the 2024-2028 Sustainability Plan update, whose guidelines were shared within the Board Committee on Sustainability Governance and Scenarios and also included in the Industrial Plan approved by the Board of Directors. The base year to be considered for the formulation of the target is therefore 2024. In addition to the target represented in the table, it is also worth mentioning an objective set as part of the "Excellence in Safety" programme, concerning the launch of a reward/penalty system for strengthening the safety culture in companies in the supply chain. Specifically, in 2025 the programme was introduced on a pilot basis with the aim of encouraging companies to adopt continuous improvement measures in the field of occupational health and safety, promoting the development of a behavioural safety culture. This mechanism is currently applied to overhead power lines. From 2027, the system is expected to become mandatory.

The objectives are consistent with the purposes expressed in the Supplier Code of Conduct and the Terna Group's Integrated Management System Policy, for the portion concerning the Workplace Health and Safety Management System, in compliance with the UNI ISO 45001:2023 standard. These targets were drawn up taking into account the main international frameworks (e.g. ILO, GRI) and also consider the requirements expressed by the various rating agencies specialised in sustainability issues.

With regard to the process for setting and updating targets, stakeholder engagement and monitoring the related performance, reference should be made to the section "The strategy – 2024-2028 Sustainability Plan update".

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Local Communities [ESRS S3]

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Impact, risk and opportunity management relating to local communities[110]

The Terna Group considers the opinions, interests and rights of local communities (including human rights) to be central to its strategy. In fact, the Parent Company **engages intensively with the communities** living in the areas earmarked to host the new electricity infrastructure, recognising the importance of the relationship with these communities in its business model. Sharing the needs for the development of the electricity system with local authorities and communities, together with listening to citizens, are actions undertaken to **identify the best design and siting choices** for new infrastructure: a genuine **participatory planning process** with the local area that takes into account the specific needs of the various stakeholders. The centrality of these aspects to the Group's strategy is reflected in the decision to include objectives dedicated to stakeholder engagement within the Sustainability Plan, which is integrated into the Industrial Plan.

The impacts of the Terna Group's activities on the local communities may concern possible inconveniences related to the affected road system (particularly during the construction phase), to noise caused during the construction phases, and to the visual impact and perception of the landscape given the presence of the completed works. Considering the occurrence of these possible interferences, the Parent Company determines its operating methods, moving towards an approach based on dialogue and consultation with local communities. For this reason, Terna S.p.A. is constantly working to find shared solutions that can eliminate or minimise these impacts.

In fact, Terna's business model is based on participatory planning, actively involving communities in the location and design choices of infrastructures, allowing communities to participate and contribute to the definition of project solutions that, in this way, pursue greater acceptance and understanding of the works by the area. This is also in the awareness that maintaining optimal relations with the local communities affected by its activities represents a reputational benefit to reinforce the so-called **social licence to operate** as a fundamental prerequisite also for ensuring that Group's investments come to fruition within the time-frame established by the company plans.

As in the previous year, the 2025 Double Materiality Assessment considered communities living or working near electricity works or construction sites. Negative impacts concern the implementation of works that the Group is required to carry out on an ongoing basis in as part of its core activities, preparatory to achieving energy transition.

The stakeholder category "local communities" includes several subcategories classified within the detailed stakeholder mapping, also considered in the context of Double Materiality. This mapping includes entities of different types across all phases of the Terna Group's activities in the territory, from the development of the NTG to the management of existing lines. This category includes, for example, citizens and property owners with an interest in Terna's activities, and local bodies able to influence the decision-making process.

SUMMARY OF MATERIAL IMPACTS, RISKS AND OPPORTUNITIES ON LOCAL COMMUNITIES

IMPACTS, RISKS AND OPPORTUNITIES	REFERENCE SUB-TOPIC
Negative impacts	
Determination of inconveniences due to traffic (opening of passages to erect pylons, soil excavation, removal of residual materials), noise pollution and the landscape (e.g. visual impact, architectural, artistic and cultural landscape) due to construction site activities	Economic, social and cultural rights of communities
Determination of inconveniences related to land and landscape (e.g. visual impact, architectural, artistic and cultural landscape) due to the implementation of works	

[110] In line with the findings of the updated Double Materiality Assessment, information relating to "Local Communities" is considered material only for activities associated with the Transmission and Dispatching of electricity. With reference to the Group's other businesses operating on confined production sites and without the development of geographically widespread infrastructure, such as the Brugg Cables Group, the Tamini Group and the Altenia Group, these have limited interaction with local communities, and consequently reduced exposure to potential impacts, risks and opportunities associated with the topic. Accordingly, the information presented in this section relates exclusively to Transmission and Dispatching activities.

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POLICIES RELATED TO LOCAL COMMUNITIES

Recognising the importance of structured and continuous oversight of the relevant topics identified through the Double Materiality Assessment, the Terna Group has adopted a comprehensive system of policies to support the management of impacts, risks and opportunities. These policies, defined in compliance with applicable regulations and relevant best practices and periodically updated in response to evolving external conditions and insights arising from stakeholder engagement activities, are summarised in the dedicated section "Terna Group's policies for the management of impacts, risks and opportunities", within the "General disclosures" section.

The following information contained in these policies relates directly to local communities affected by the Terna Group's activities.

Sustainability policy

Also with reference to local communities, the management of related impacts, risks and opportunities is ensured by the Sustainability Policy[111], through which the Group is committed to:

- promoting active listening to the needs of all stakeholders interacting with the organisation.
- assessing the economic, environmental and social impacts generated by its activities on local communities, with the aim of establishing a close collaboration with stakeholders.
- ensuring respect for the human rights of all individuals within local communities affected by the Group's activities.

Guideline "Respect for Human Rights within the Terna Group"

Alongside the Code of Ethics, with reference to local communities, the Group adopts the Guideline "Respect for Human Rights in the Terna Group". For more details, see the paragraph "Terna Group's policies for the management of impacts, risks and opportunities" in the "General disclosures" section and the paragraph "Own Workforce policies" in the "Social information" section.

The involvement of local stakeholders in the Terna Group's electricity grid investment activities

This policy focuses on the management of relations with local community stakeholders, with the overall objective of fostering the efficient sharing and implementation of investments in the electricity grid, minimising the risk of disputes and maximising opportunities for constructive dialogue, thus ensuring the management of material impacts and opportunities relating to the "local communities" issue. It applies both to greenfield investments – which are more significant and often entrusted to central departments – and to renovations or brownfield projects managed at the territorial level. The policy aims to build a relationship with the local territory and identifies participatory planning, the conduct of authorisation procedures and the implementation phases of interventions as the main stages. The policy is monitored through coordination between central and local departments, including the areas of Electricity System Planning and Authorisations, External Relations and Institutional Affairs, Engineering and Project Implementation, Project Development and local Transmission Departments. This integrated approach aligns infrastructure interventions with the needs of local communities, ensuring a balance between sustainable development of electricity transmission infrastructure and territorial consensus.
The stakeholder engagement activities, and hence this policy, apply in general terms to the entire national territory, insofar as they are conducive to sharing the development and adaptation requirements of the national electricity grid. These activities are adapted to the specificities of each intervention, taking into account the materiality of the work for the electricity system, the local benefits, the social and environmental characteristics of the area, and the needs of the stakeholders involved. This flexible approach makes it possible to modulate the intensity and nature of the engagement initiatives according to the specific features of the territorial and social context and considering the evolution of local opinions and attitudes.

The highest managerial level accountable for the implementation of the policy regarding relations with local community stakeholders is represented by the Terna Group's central departments, with a primary role being played by Electricity System Planning and Authorisations

[111] For further information regarding the "Sustainability Policy", reference should be made to the section "Terna Group policies for the management of impacts, risks and opportunities" within the "General disclosures" section, as well as to the section "Policies related to climate change" within "Environmental information".

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structure. Depending on the phase and level of involvement, collaboration is envisaged with General, Legal and Corporate Affairs, Project Development, External Relations and Institutional Affairs, Engineering and Project Implementation and Territorial Transmission Departments.
For grid development and adaptation projects, the Terna Group adopts consultation and discussion methods that comply with international regulations, such as in the case of Projects of Community Interest, where the engagement methods must follow the guidelines of the relevant regulations (Public Consultation). Furthermore, the Terna Group implements its stakeholder engagement activities in compliance with established organisational rules and systems, including the 231 organisational model and the anti-corruption management system. Together, these tools ensure a transparent and accountable approach in interactions with stakeholders, adapting the activities to the specific characteristics of the territories and the sensitivities of the local communities.
When defining the stakeholder engagement policy, special attention was paid to considering the needs and requirements of the main stakeholders. This approach ensures that all activities are calibrated according to factors such as: the materiality of the work to the electricity system's objectives, the benefits generated for the area, and the social and environmental specificities of the context concerned. In addition, the active involvement of the stakeholders, starting from the preliminary planning and consultation stages, allows for the incorporation of useful feedback to improve projects and minimise any negative impacts.
In relation to making the policy available to potentially affected stakeholders, the Group adopts an open and transparent approach, ensuring that material stakeholders, in particular those whose input is required for the implementation of the policy, i.e. local authorities, citizens, NGOs and associations, are engaged through easily accessible communication channels, such as company web pages and e-mail inboxes.

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THE LOCAL COMMUNITY INVOLVEMENT PROCESS

The Terna Group seeks dialogue and the direct cooperation of the local communities affected by NTG development interventions on an ongoing basis. Starting with the sharing of grid requirements, to continue with the initial phases of studying the feasibility of the interventions, especially promoting the **involvement of local communities in participatory planning** (e.g. Terna Incontra), in order to arrive at a shared definition of the interventions themselves, with particular reference to their sustainable location in the territory concerned. The listening approach adopted by the Group is geared towards receiving feedback from all parties. As such, the **Terna Incontra** initiative, mentioned above, provides for structured measures to involve all local communities, ensuring an inclusive dialogue through different stages and methods. In previous years, the mixed meeting format was consolidated, with some meetings held in person and others online, in order to ensure the broadest possible participation, also including those with motor disabilities. The operational responsibility for ensuring this involvement lies primarily with the Electricity System Planning and Authorisations structure, within the Authorisations and Consultations function. The results of the involvement of the local communities can be seen in the agreements that the Terna Group signs with local authorities in the form of memorandums of understanding for the shared and sustainable location of NTG development projects.

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PROCESSES TO REMEDIATE NEGATIVE SOCIAL IMPACTS ON LOCAL COMMUNITIES

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For these matters, see the section "Processes to remedy negative social impacts", "Own Workforce [ESRS S1]" section.

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ACTIONS RELATED TO LOCAL COMMUNITIES

In the course of its activities, the Terna Group implements a series of actions aimed at preventing, mitigating, correcting or improving impacts and seizing material opportunities related to local communities, in line with the principles and objectives of the policies adopted and set out previously. The scope of the actions described below, at the level of activities and geographical area, includes local communities belonging to the entire national territory, by virtue of the transmission and dispatching services provided by the Terna Group. Based on the development and upgrading needs of the national electricity grid, it therefore covers the territorial and social context affected by the grid development works that were implemented.
Based on the scope of reference, the actions implemented during 2025 are set out below.

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Activities related to participatory planning, the conduct of authorisation procedures and the implementation phases of the interventions

During 2025, the Terna Group continued with a series of strategic actions aimed at ensuring participatory and transparent planning, an effective authorisation process and efficient management of the implementing phases of the interventions. Participatory planning represents the main process through which the Terna Group identifies suitable activities to prevent and/or mitigate any negative impacts on local communities, in order to build together a project that fits best into the territorial and social context concerned. In particular, in order to prevent and/or mitigate the negative impacts on the territory and local communities, consultation with the territorial administrations was initiated on the basis of the complexity of the works and the territorial context involved, fostering an open discussion with institutional and local stakeholders, with the aim of identifying, in a shared manner, project solutions that minimise the impacts on the territory, the environment and the landscape. Through working groups with administrations, public meetings and other consultation tools, useful feedback was collected to improve the projects, ensuring greater sustainability and social acceptability. In this context, the 'Terna Incontra' programme was a key opportunity to present the project alternatives to the public and collect their feedback, contributing to a further refinement of the identified solutions. As a result of these discussions, agreements and memoranda of understanding were signed to sanction the sharing of project solutions, and in parallel, conventions were signed with local authorities to implement offsets to balance any residual impacts, ensuring tangible benefits for the communities involved. Such agreements may include land development or environmental restoration and protection initiatives.

With regard to the conduct of authorisation procedures, compliance with regulatory obligations was ensured through communication and discussion with the bodies responsible for expressing opinions and with the citizens affected by the projects, thus ensuring the transparency of the process. At the start of the implementation phase, support was ensured to the company structures involved in the works with the continuation of territorial relations with the owners of the areas involved for the activities of subjugation and stipulation of amicable agreements, favouring a more shared and effective acquisition process. In addition, during the opening and management of the sites, the fulfilment of commitments undertaken during the consultation and authorisation phase was guaranteed, ensuring the continuity of relations with bodies and citizens for the management of territorial problems encountered in the management of the sites. All the activities described, carried out periodically, contribute to the achievement of the company's territorial and social objectives, ensuring that works are carried out in compliance with regulations and with the maximum involvement of stakeholders.

Supplementary activities

In 2025, the Terna Group implemented several initiatives aimed at generating positive impacts for local communities, with a focus on rationalisation and sponsorship initiatives. As part of its rationalisations, the Terna Group pays particular attention to always evaluating the possibility of removing obsolete power lines, significantly reducing environmental impact and returning a local area free of transmission infrastructure to its local communities. This process is part of wider rationalisation measures, often agreed with local authorities during the consultation phase for the construction of new infrastructure. As far as sponsorships are concerned, the Terna Group supports cultural, social and environmental initiatives and projects proposed by the territory, thus contributing to enhancing the wellbeing of local communities. The success of these actions is assessed not only in terms of verification of proper implementation thereof, but also through monitoring of the results achieved, with particular reference to the positive impact on local communities.

The actions carried out by the Terna Group regarding participatory planning, as well as rationalisations and environmental offsets, also pursue the purpose of generating an improvement in corporate reputation, with possible positive effects on the consolidation of the so-called social licence to operate on the part of local communities with the Terna Group's activities. In fact, using environmental compensation measures, the Terna Group makes a financial contribution available to the relevant local authorities that is proportionate to the impact that the Development Plan projects generate on the territory and the communities concerned. These same local authorities determine which environmental mitigation measures to implement using the financial contribution provided by the Terna Group.

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With regard to the intervention approach in relation to specific negative impacts, it is worth highlighting the approach with reference to the construction activities of overhead power lines, i.e. mobile construction sites, whose limited extension corresponds to that strictly necessary to install the support/pylon. Power lines are discontinuous infrastructures that only occupy the ground at the base of their supports: most of the linear development, in fact, is represented by the conductors flying over the ground. The Terna Group has produced technical specifications for the sustainable management of its construction sites that contractors are required to comply with and apply. By way of example but not limited to, it is worth mentioning the following activities: constant wetting of the soil, in the worksite area, in order to limit the raising and diffusion of dust; particular attention is also paid to avoiding, where possible, the operation of the worksite during bird nesting periods.

With reference to the construction of new NTG stations, it should be noted that the Terna Group generally plans, as from the design phase, to implement measures aimed at ensuring the best possible integration of the new infrastructure into the territory that will host it: both from a landscape point of view, by planting trees and shrubs along the perimeter of the new substation, in order to mitigate its visual impact; and from an architectural point of view, by designing the substations' claddings that will recall the architectural style of local structures.

With reference to practices concerning land acquisitions, the Terna Group's attention and commitment to trying not to generate negative impacts on the territory and local communities is particularly seen in its intention to avoid affecting, with its grid development projects, areas of greater natural, environmental and landscape value. Already during the SEA phase of the Development Plan, in fact, the Terna Group developed a GIS analysis methodology, the so-called ERPA criteria, which made it possible to identify corridors for the location of new power lines that are more compatible with the different characteristics of the local territory.

In general terms, the corporate structure primarily responsible for managing the prevention and mitigation of impacts resulting from the implementation of NTG development interventions is the Authorisations and Consultation structure, which necessarily coordinates with the corporate structures in charge of planning and implementing the same interventions. To this end, the Authorisations and Consultation structure is divided into different geographical areas of responsibility: North West, North East, South Tyrrhenian Centre and South Adriatic Centre.



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Metrics and targets related to local communities

MDR-T
S3-5

TARGETS OF THE 2024-2028 SUSTAINABILITY PLAN

As part of the 2024-2028 Sustainability Plan update, the Terna Group defined a specific target aimed at assessing the progress made with respect to local communities and the material impacts and opportunities associated with them, also with a view to ensuring a clear path towards achieving the targets identified by the thematic policies adopted by the Group and reported on previously.

Targets of the 2024-2028 Sustainability Plan update - "Energy Transition" Pillar

TARGET	TARGET BOUNDARY	METRIC AND RELATED UNIT OF MEASUREMENT	BASELINE YEAR/ BASELINE VALUE	VALUE 2025	MILESTONE			
					2025	2026	2027	2028
Promotion of initiatives for the development of the electricity system, in concert with the relevant stakeholders	Terna Group	Significant interventions accompanied by stakeholder listening initiatives (%)	2023 100%	100%	100%	100%	100%	100%

The above target was developed and set out, for the first time, in the 2024-2028 Sustainability Plan, the first to be integrated with the Industrial Plan. Note that in 2025 the **percentage of significant projects accompanied by stakeholder engagement initiatives was 100%** (also 100% in 2024). The updated Sustainability Plan, whose guidelines were shared at the Sustainability Governance and Scenarios Board Committee and also represented within the Industrial Plan document submitted to the Board of Directors, did not require any particular changes in terms of metrics or methodologies for this objective.

The target set out in the table is consistent with the purposes expressed in the Guideline on the involvement of local stakeholders in order to facilitate the efficient sharing and implementation of grid investments, minimising the risk of disputes and maximising opportunities for constructive dialogue.

This target was drawn up taking into account the main international frameworks (e.g, GRI) and also takes into account the requirements expressed by the various rating agencies specialised in sustainability issues.

The specific target identified, aimed at examining the progress made with respect to local communities and the related material impacts and opportunities, relates to the number of works (as a percentage) with a value of over €50 million authorised in the year, which were consulted on or were subject to public consultation.
With regard to the process for defining and updating targets, monitoring the related performance, and engaging stakeholders, reference should be made to the section "The strategy – 2024-2028 Sustainability Plan update".

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Customers [ESRS S4]

S4 | SBM-2
S4 | SBM-3

Management of material impacts, risks and opportunities in relation to customers[112]

Due to the nature of their business, Terna Energy Solutions S.r.l. and the companies of the Altenia Group, Tamini Group and Brugg Cables Group do not liaise with consumers or end users in the sense of natural persons; their activities are actually directed towards industrial customers. Customers have the ability to economically influence the business as they allow the Group to differentiate its corporate revenues and therefore represent a group of stakeholders whose interests are also considered and monitored through the stakeholder management framework that includes customers among the main (top-level) categories of its mapping. In this context, **customers** are potentially affected by the Terna Group's activities in relation to the service provided and are therefore also **positively impacted by the Group's ability to disclose quality information with respect to its products and services**, using communication channels that are accessible and available to the public such as corporate websites, by constantly updating its catalogues, its certifications and announcing the main projects carried out, in line with the principles of transparency and respect that guide the Group's activities as set out in the Code of Ethics. The approach aimed at transparency and the disclosure of quality information has not only had a positive impact on customers, but is also a key opportunity in terms of increased market attractiveness[113]. With regard to the impact of possible individual incidents of misuse of customers' personal data (which primarily refers to representatives of customer companies such as, for instance, contact persons in sales offices), please refer to the part on privacy in the section on 'Own Workforce'.

SUMMARY OF MATERIAL IMPACTS, RISKS AND OPPORTUNITIES ON CUSTOMERS

IMPACTS, RISKS AND OPPORTUNITIES	REFERENCE SUB-TOPIC
Positive impacts	
Customer satisfaction through access to quality information	Impacts related to information provided to consumers and/or end-users
Negative impacts	
Misuse of customers' personal data	Impacts related to information provided to consumers and/or end-users
Opportunity	
Increased attractiveness in market through transparency and accessibility of information regarding the Group's activities	Impacts related to information provided to consumers and/or end-users

MDR-P
S4-1

CUSTOMER-RELATED POLICIES

Recognising the importance of structured and continuous oversight of the relevant topics identified through the Double Materiality Assessment, the Terna Group has adopted a comprehensive system of policies to support the management of impacts, risks and opportunities. These policies, defined in compliance with applicable regulations and relevant best practices and periodically updated in response to evolving external conditions and insights arising from stakeholder engagement activities, are summarised in the dedicated section "Terna Group's policies for the management of impacts, risks and opportunities", within the "General disclosures" section.
The following information contained in these policies relates directly to customers and end users of the services provided by the Terna Group.

[112] In line with the updated Double Materiality Assessment, information relating to "Customers" is material only with reference to the activities carried out by Terna Energy Solutions S.r.l., the Brugg Cables Group, the Tamini Group and the Altenia Group. By their nature, transmission and dispatching activities do not involve direct relationships with customers. Accordingly, the information in this paragraph refers exclusively to activities within this scope.
[113] The opportunity does not refer to specific groups of customers.

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Terna Group's Integrated Management System Policy

To identify, assess, manage and/or remedy its impacts and capture opportunities relating to customers, the Group has adopted an Integrated Management System Policy[114], which also addresses customer-related aspects and quality management. In compliance with **UNI EN ISO 9001:2015**, the Terna Group undertakes to:

- comply with the Group Industrial Plan;
- maintain adequate services to customers (Non-Regulated Activities);
- meet delivery times and optimise the cost/quality ratio of products/services (Non-Regulated Activities).

Guideline "Respect for Human Rights within the Terna Group"

Alongside the Integrated Policy, the Group manages related impacts and opportunities through the Guideline "Respect for Human Rights in the Terna Group". For further information reference should be made to the section "Terna Group's policies for the management of impacts, risks and opportunities" within the "General disclosures" section, and the paragraph "Own Workforce policies" in the "Social information" section.

S4-2

THE CUSTOMER ENGAGEMENT PROCESS

Terna Energy Solutions S.r.l. and the companies of the Altenia Group, Tamini Group and Brugg Cables Group carry out activities supporting the energy and digital transition.

In detail, Terna Energy Solutions S.r.l. and the companies of the Altenia Group actively involve their customers in **the integrated design of renewable energy plants and for the connection thereof to the grids and for connectivity**, with joint advancements in construction, testing and activities of operation and maintenance after the commissioning of the plants themselves.

The Tamini Group and the Brugg Cables Group involve their customers **from the design and testing phase through to the installation of each product**, making the customisations required by the customer and necessary for the final use of the product, even manufacturing products certified by the same customer on the basis of specific designs and/or tests. Customer involvement is in particular supervised by the relevant sales structures, duly assisted by the technical design, production and installation departments.

PROCESSES TO REMEDY NEGATIVE SOCIAL IMPACTS ON CUSTOMERS

S4-3

With regard to this information, see the section on "Processes to remedy negative social impacts" in "Own Workforce [ESRS S1]".

CUSTOMER-RELATED ACTIONS

MDR-A

S4-4

As part of its activities, the Terna Group implements a series of actions aimed at preventing, mitigating, correcting or promoting its impacts and seizing its material customer-related opportunities, in line with the principles and objectives of the policies adopted and set out above.

Based on the scope of reference, the actions implemented in 2025 and any further initiatives planned by the Group for the coming years are listed below.

The following actions, with particular reference to obtaining and maintaining certifications, are also required in several tenders and for this reason represent an element of attractiveness and access to greater market opportunities to be monitored over time. These actions are linked to the objective included in the 2024-2028 Sustainability Plan update. They are therefore monitored as part of the Plan monitoring, as reported in the following section "Metrics and targets related to customers – 2024-2028 Sustainability Plan targets".

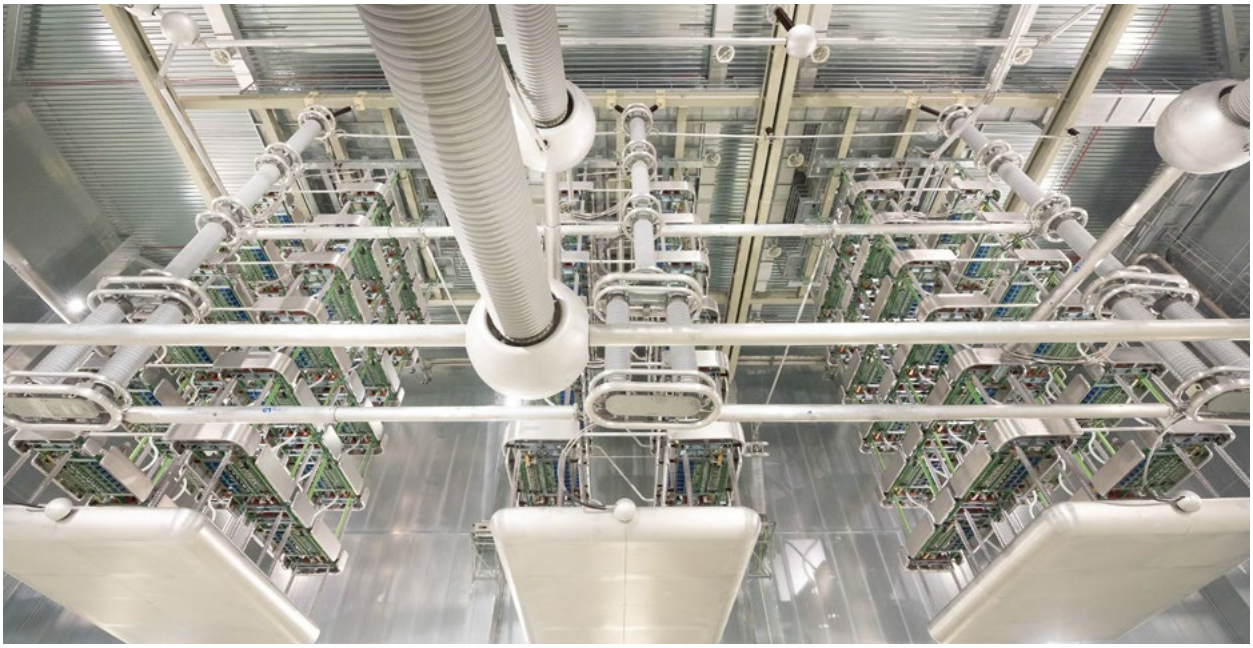
Access to quality information

Disclosing one's activities to customers

Terna Energy Solutions S.r.l. and the companies of the Altenia Group, the Tamini Group and the Brugg Cables Group communicate their activities on an ongoing basis through their official websites, making available information about the company, the product and service catalogue, the main

[114] For further information regarding the "Terna Group's Integrated Management System Policy", reference should be made to the section "Terna Group's policies for the management of impacts, risks and opportunities" within the "General disclosures" section, as well as to the section "Policies related to climate change" within the "Environmental information" section.

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projects carried out, existing certifications, and personnel; as well as through participation in the main industry events and exhibitions, to meet with their customers and stakeholders.

Obtaining SOA certification

The **SOA Certification** certifies that the company is able to carry out a certain type of work and complies with safety and quality requirements, as verified on the basis of activities actually performed and verified by a Certifying Body also involving customers.

The companies **Terna Energy Solutions S.r.l.** and, in the Altenia Group, **Altenia S.r.l.** and **STE Energy S.r.l.**, provide services for the energy and digital transition to their customers in Italy and accordingly hold SOA certification for the OG10, OS19 categories of works classified in VI amount (up to around 10 million euros) where, in particular, the OG10 category refers to systems for high/medium voltage transformation and for the distribution of alternating and direct current electricity and public lighting systems; the OS19 category refers to telecommunication and data transmission network systems. The certification for Terna Energy Solutions S.r.l. was first issued in 2019 and subsequently renewed in the following years. For STE Energy S.r.l. it was renewed for 2025, while for Altenia S.r.l. 2025 marked the first issuance of the certification.

Extension of existing ISO certifications to an expanded scope

The Altenia Group has extended its existing ISO certifications – in particular ISO 9001 (quality), ISO 14001 (environment) and ISO 45001 (health and safety) – in relation to the expansion of activities in the energy sector. The extension specifically covered the design, installation and routine and extraordinary maintenance of photovoltaic plants and electricity transformation systems at low, medium and high voltage (LV-MV-HV), including related civil works and supporting systems, as well as maintenance of storage systems and management of a remote monitoring centre. The process involved defining the ISO certification plan for the expanded scope, preparing documentation and conducting document and on-site audits, concluding with the formal extension of the certifications. The process started in January 2025 and was completed in June 2025.

Privacy

With reference to the actions relating to privacy, see the section on "Actions concerning own workforce", in particular the subsection "Other work-related rights - Privacy".

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Metrics and targets related to customers

MDR-T
S4-5

TARGETS OF THE 2024-2028 SUSTAINABILITY PLAN

As part of the 2024-2028 Sustainability Plan update, the Terna Group has defined a specific target to assess the progress with respect to the topic of customers, as well as the related material impacts and opportunities, also with a view to ensuring a clear path towards achieving the targets identified by the thematic policies adopted by the Group and reported on previously.

Targets of the 2024-2028 Sustainability Plan update - "Creation of shared value" pillar

TARGET	TARGET BOUNDARY	METRIC AND RELATED UNIT OF MEASUREMENT	BASELINE YEAR/ BASELINE VALUE	VALUE 2025	MILESTONE 2026	MILESTONE 2027	MILESTONE 2028
Customer satisfaction for Group companies operating in competitive markets	Terna Group	Definition and application of customer satisfaction analysis methodologies	2024	N.A.	Definition of the methodology	First application of the methodology	Monitoring of the methodology

The above target was defined and set out, for the first time, in the 2024-2028 Sustainability Plan update, whose guidelines were shared within the Board Committee on Sustainability Governance and also included in the Industrial Plan approved by the Board of Directors. As this is the implementation of a new method, there is no baseline value. No milestones were envisaged for 2025.

The target indicated is consistent with the purposes expressed in the Terna Group's Integrated Management System Policy, with reference to the appropriateness of the services offered to customers, and was drawn up taking into account the main international reference frameworks (e.g. UNI ISO 9001:2015).

With regard to the process for setting and updating targets, stakeholder engagement and monitoring the related performance, reference should be made to the section "The strategy – 2024-2028 Sustainability Plan update".

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Governance information

Business conduct and management of relationships with suppliers [ESRS G1]

G1 | IRO-1

Managing impacts, risks and opportunities related to the business conduct and managing relationships with suppliers

The Double Materiality Assessment took into account the direct and indirect impacts of the Group's activities related to its business conduct, considering, in addition to its own operations, the impacts, risks and opportunities indirectly related to the Group's operations through its business relationships. The activities of the Group as a whole were therefore assessed, taking into account the main characteristics of the business sectors and countries in which the Group operates.

SUMMARY OF MATERIAL IMPACTS, RISKS AND OPPORTUNITIES RELATED TO THE BUSINESS CONDUCT AND MANAGING RELATIONSHIPS WITH SUPPLIERS

IMPACTS, RISKS AND OPPORTUNITIES	REFERENCE SUB-TOPIC
Positive impacts	
Raising awareness of the rules of conduct aimed at observing the Group's principles of ethics, integrity and legality	Corporate culture
Strengthening protection measures through the provision of secure reporting channels	Whistleblower protection
Improved economic stability of suppliers thanks to timely payments by the Terna Group	Supplier relationship management, including payment practices
Negative impacts	
Economic and financial consequences for stakeholders related to convictions that affect the management of the company	Active and passive corruption
Risks	
Penalties and/or application of Restrictive Measures imposed by UN, EU, US, UK entities	Corporate culture
Delays/extra costs on supplies from key suppliers as a result of the global supply chain crisis, increased market demand and/or in the event of a change in supplier strategy	Supplier relationship management, including payment practices
Lock-in of core supplies	
Opportunity	
Improvement of the Group's reputation through a sustainable supply chain	Supplier relationship management, including payment practices
Cost reduction through continuous monitoring practices of suppliers' ESG performance to avoid critical issues over time in the face of increasingly stringent regulations.	

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G1-1

Corporate Culture and Business Conduct

MDR-P

CORPORATE CULTURE AND BUSINESS CONDUCT POLICIES

The Terna Group has adopted and disseminated a comprehensive system of policies aimed at promoting a corporate culture based on responsible conduct and at identifying, assessing and managing relevant impacts, risks and opportunities. These policies, defined in compliance with applicable regulations and best practices, are periodically updated in line with internal and external developments and stakeholder engagement outcomes, including initiatives envisaged under the Double Materiality process, so that they can serve as effective tools for managing material topics.

Note that the policies of the Terna Group are all summarised in the section "Terna Group's policies for the management of impacts, risks and opportunities", within the "General disclosures" section.

The policies directly related to the relevant sub-topic addressed are set out below.

Code of Ethics

One of the core principles of the Group's company culture is represented by the **Code of Ethics**[115], which sets out the Group's commitment to ensuring compliance with applicable regulations and defines **fundamental standards and values**, such as **personal integrity**, **impartiality** and the **fight against corruption**, to be upheld and encouraged.
The Code is based on a number of general ethical principles, which have such a wide and crosscutting value that they should be considered fundamental for every behaviour and every moment of the company's life. They also demonstrate Terna's commitment to recognising certain fundamental, internationally shared ethical principles. Below are the general principles on which the Code of Ethics is based:

- **legality**, the founding pillar of the entire Code. Complying with the law is a mandatory principle not only in Italy but also in the other countries where Terna Group operates;
- **honesty**, which is necessary to secure credibility inside and outside the Terna Group and establish trusting relationships with all stakeholders;
- **accountability**, which means the ability to understand the consequences of our actions, paying attention to the impact on the community and the environment and the long-term sustainability of growth.

The **Ethics Committee** is the corporate body responsible for providing clarification on the principles laid down in the Code of Ethics and its application, and competent for managing the final decisions on reports received through the internal whistleblowing procedure. In particular, as provided for by the specific Terms of Reference approved by Terna's Chief Executive Officer. The Ethics Committee shall:

- respond to requests for clarification on the Code of Ethics via the e-mail address: comitato.etico@terna.it; and, in accordance with the "Conflict of Interest" Guidelines, also on the most significant types of potential or actual conflicts of interest;
- disseminate knowledge of the ethical principles, including through information and training activities;
- provide advice on specific ethical issues and provide the knowledge tools needed to implement corporate policies in line with ethical principles;
- receive and examine reports of violations of internal or external regulations, including those referred to in Legislative Decree 24/2023 pursuant to the whistleblowing policy;
- decide whether to open a procedure for examining the report;
- provide a response to whistleblowers on the decision taken.

Appointed by the Chief Executive Officer, the Committee also plays a pivotal role in the whistleblowing management process governed by the Whistleblowing Guidelines, and oversees the dissemination of information on the Code of Ethics and its principles.

The third section of Terna's Code of Ethics "Principles of conduct in relations with stakeholders" focuses on the Group's main stakeholder categories. Each subsection provides general guidelines dedicated to the specific

[115] For further information on the "Code of Ethics", reference should be made to the section "Terna Group's policies for the management of impacts, risks and opportunities" within the "General disclosures" section.

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category of stakeholders and defines the principles of conduct that Terna undertakes to observe towards them, as well as the conduct that the Group expects from stakeholders in their interactions with it.

Terna has voluntarily chosen to adopt and publish its Code of Ethics as a tangible expression of its commitments towards the parties with whom it comes into contact. To ensure extensive knowledge of its Charter, Terna undertakes to disseminate the Code to all internal and external stakeholders via specific communication activities that are differentiated according to the recipients. Thus, for example, the Code is disseminated via dedicated sections on the corporate intranet, on the website or in the documents in which it is deemed necessary, or with other targeted information or training initiatives.

Note also that, in the area of business ethics and the Code of Ethics, annual training was provided again in 2025, specifically covering the following online courses on the Academy platform:

- "Business Ethics and Control Measures";
- "Behaviour in the Code of Ethics";
- "Code of Ethics and Conflict of Interests".

With regard to initiatives aimed at raising awareness and providing information on safeguards of the Code of Ethics, the relevant content is available to employees of Terna S.p.A., Terna Rete Italia S.p.A., Terna Energy Solutions S.r.l. and Terna Plus S.r.l. To support foreign companies and the Brugg Cables Group, informational/training slides on the Code of Ethics have been made available, translated into the languages of the countries in which the Group operates.

Sustainability policy

The Terna Group Sustainability Policy[116] plays a key role in managing the impacts, risks and opportunities relating to the sub-topic under discussion. In particular, in line with the principles of this policy, the Group is committed to:

- operating in accordance with the principles of integrity, responsibility and transparency, also set out in the Code of Ethics, through governance and business conduct models aligned with national and international conventions and best practices;
- adopting procedures, monitoring tools and codes of conduct aimed at minimising any form of misconduct and/or corruption within the Group, by implementing appropriate preventive measures;
- integrating the consequences of its actions into its decision-making, considering their impact on communities and the environment, and promoting long-term sustainable growth;
- promoting the development and personal growth of Group employees, safeguarding their human rights and ensuring a stimulating, healthy and safe working environment.

231 Model

The **231 Organisational Model** (hereinafter the 231 Model) defines rules of conduct and internal organisation, within a **structured and organic system of control and monitoring activities**. These are designed to prevent the commission of the various types of offence envisaged by the Legislative Decree 231/01, and to ensure that the Company conducts its business and activities in a fair and transparent manner, with the aim of protecting the organisation's position and reputation and meeting its stakeholders' expectations. The 231 Model sets out rules to prevent various types of offence from being committed, some related to corruption and some to other concerns such as the environment and human rights.

[116] For further information regarding the "Sustainability Policy", reference should be made to the section "Terna Group's policies for the management of impacts, risks and opportunities" within the "General disclosures" section, as well as to the section "Policies related to climate change" within "Environmental information".

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The set of **areas at risk of the predicate offences pursuant to Legislative Decree 231/01** and the rules of conduct set out in 231 Model are the result of a **Risk Assessment** designed to create a **tailored model** based on the characteristics of each Italian Group company.
In particular, as part of the Risk Assessment activity, periodic analysis is carried out at company level by interviewing the owners of processes relevant to the 231 Model. Their contribution is essential for the correct identification of the risks the company is exposed to.
The 231 Model of Terna and of each Italian company of the Terna Group[117] is continuously monitored to assess its effectiveness and ensure it is kept up-to-date with respect to internal changes (such as in an organisational structure or business activities) and external changes (case law, legislative developments, best practices).
In order to minimise and prevent the risk of incurring such "para-criminal" liability, Terna and each Italian company of the Terna Group have adopted an organisational, management and control model suitable for preventing predicate offences, consisting of a set of provisions and procedures and the incorporation of the principles of the Code of Ethics, and have set up a Supervisory Board (hereinafter SB) and a control system, as well as a disciplinary system to punish non-compliance with Legislative Decree no. 231/01, the 231 Model and the provisions of Legislative Decree no. 24/2023 (the "Whistleblowing Decree").
The Corporate Liability and Compliance Risk structure oversees the updating of the 231 Models, supporting the SB's assessment work, and activities preparatory to the adoption of resolutions by the Administrative Bodies, also based on the system of delegated powers in place.
Staff training is an essential element for the effectiveness of the 231 Model. The Parent Company has developed a training plan that includes both classroom sessions and e-learning modules on the TBC Academy platform, with content tailored to the target audience and based on concrete examples. Specifically, for employees of Terna S.p.A., Terna Rete Italia S.p.A., Terna Energy Solutions S.r.l. and Terna Plus S.r.l., online modules are included among the annual courses classified as mandatory. To assess the effectiveness of training, at the end of the courses participants take tests on the topics covered. For additional information on training courses covering Legislative decree no. 231/2001, reference should be made to the section "Anti-corruption training" on page 365.
The 231 Model is a dynamic, shared document. Dynamic, as it is responsive to any regulatory and organisational change. Shared, because its implementation involves all the company people, both in the pre-drafting phase, through periodic risk assessment, and in the implementation phase, through training and information.
The 231 Models, as well as the Code of Ethics, are communicated to all employees of the Group's Italian companies, who acknowledge them and commit to comply with their contents through a specific declaration. These documents are also published on the Parent Company's intranet and disseminated within the Group's Italian companies also through 231 contacts. External associates are required to sign specific contractual clauses committing them to comply with the principles of the 231 Model, the Code of Ethics and more generally the anti-corruption controls adopted by the Terna Group companies.

To ensure the widest possible knowledge and dissemination, the 231 Models and the Code of Ethics adopted by Terna Group companies are fully published on the Parent Company's website.

Global Compliance Program

Since November 2017, Terna S.p.A. has had a **Global Compliance Programme** (or **GCP**) in place, **aimed at the Group's foreign companies** called upon to implement it, in order to harmonise the efforts of these companies in **promoting compliance with the principles of ethics, integrity and legality** and to prevent corporate para-criminal liability, provide a shared, consistent and uniform approach against possible unlawful behaviour and strengthen the Internal Control System.

The GCP was updated on 18 December 2025 with the aim of strengthening its role as a central corporate governance tool and for mitigating compliance risks for the Group's foreign companies. The update introduced new rules for a more effective dissemination of Terna's Internal Control

[117] With the exception of Rete 2 S.r.l., acquired by Terna S.p.A. on 30 September 2025. Preparatory activities for the implementation of a 231 Model will be initiated in 2026.

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System, as Parent Company, to foreign companies. Processes, risk areas and principles of conduct defined in the document were also revised to strengthen controls and align the system with sustainability objectives (in particular, 6 material ESRS topics[118] were identified within the Global Compliance Programme). The compliance governance model was also updated with a clearer definition of the duties of Compliance Officers in foreign companies.

In addition, among other things information flows from Compliance Officers to Terna were updated, and finally the list of offences relevant for the GCP was revised.

More specifically, the GCP defines the general control standards and principles of conduct applicable to employees, directors and other members of the management and control bodies of overseas companies as well as, when applicable, to any third party acting in the name and/or on behalf of an overseas company, such as suppliers, agents, consultants, business partners or any other counterparty, in order to prevent the commission of unlawful conduct.

To ensure the effectiveness of the GCP, a **Compliance Officer (CO)** is appointed **in each foreign company** by resolution of the company's Board of Directors. The CO is entrusted with the task of monitoring the GCP's implementation and encouraging the dissemination of knowledge throughout the company of the GCP itself and/or of the Local Compliance Programmes envisaged in the reference Country Annex and the Parent Company's guidelines, as well as facilitating its operation through training/information activities relating to the GCP through the implementation of specific information channels.

For the performance of its duties, where necessary the CO may be supported by individuals appointed by resolution of the governing body of the foreign company, subject to the prior favourable opinion of the CO themself.

The **GCP draws inspiration from key national and international regulations** and **best practices**, including but not limited to:

1) Legislative Decree no. 231 of 8 June 2001 ("231 Decree"), as amended, governing the regime of administrative liability (similar to criminal liability) of legal entities arising from the commission of certain offences in their interest or on their behalf;
2) the Federal Sentencing Guidelines Manual & Supplement, adopted by the United States Sentencing Commission on 1 November 2010;
3) the Foreign Corruption Practices Act (FCPA) of 1977, as amended;
4) the UK Bribery Act of 2010, as amended;
5) Loi Sapin II, introduced by Law no. 2016-1691 on transparency, anti-corruption and the modernisation of economic life, published on 9 December 2016;
6) Legislative Decree no. 24 of 10 March 2023 implementing Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law and containing provisions regarding the protection of persons reporting breaches of national law, and Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law.

Another key tool is training, which is based on the applicable regulations and best practices and the importance of GCP compliance. In this way, corporate officers will be put in a position to have a clear understanding and awareness of the different offences, the risks, the related personal and corporate responsibilities and the actions to be taken to prevent the commission of unlawful activities.

Trade Compliance Guidelines

Terna has adopted a **Trade Compliance Guideline** (approved by the Board of Directors of Terna S.p.A. by resolutions of 25 July 2018 and 13 May 2020 and subsequently updated by the Chief Executive Officer of Terna S.p.A. The latest update is dated April 2024), which constitutes the Group's **control for preventing sanction and reputational risks** related to **breaches of national regulations** and **restrictive measures** in the field of **Trade Control**. The purpose of the Guideline is to increase awareness and promote the adoption of effective organisational and *compliance* tools by each *Group company*, in order to manage the Group's trade and financial instruments in global markets in compliance with the international sanctioning and restrictive rules currently in force, and

[118] Specifically, the material topics in this area are: Biodiversity and ecosystems; Resource use and circular economy; Own workforce and Workers in the value chain (Working conditions, Equal treatment and opportunities for all, Other work-related rights); Consumers and end users; Business conduct.

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therefore, to effectively control Trade Compliance risks connected with the infringement of national legislation and restrictive measures, to protect the Company's reputation, the market and all shareholders, as well as the commitments undertaken by the Terna Group in contractual relations with third parties.

The Trade Compliance Guidelines identify the terms, conditions, controls and guidelines for defining roles, responsibilities, information flows and any other necessary action to ensure that trade control activities are correctly implemented within Group companies to protect the Company's reputation, the market and all shareholders, as well as the commitments undertaken by the Terna Group in contractual relations with third parties (such as, for example, credit providers, banks, export credit agencies, suppliers, etc.).

The Trade Compliance Guidelines are issued by the Parent Company Terna to all its subsidiaries, which must implement them to ensure that all the Group's operations are carried out in full compliance with the legislation of the countries in which the Group operates.

Through the adoption of the Trade Compliance Guidelines, the Terna Group intends to ensure, as a matter of principle, that all Transactions conducted within the Group comply with the current provisions on restrictive measures and Trade Control adopted by the European Union, by any EU Member State, the United States of America, the United Kingdom, the United Nations and any other jurisdiction, and material – pursuant to Italian legislation or as a result of contractual provisions, as updated, supplemented or amended from time to time – for Terna S.p.A. and its subsidiaries.

To control the risk of non-compliance with Sanctions legislation, an e-learning **training course** has been made available on the company's Academy platform on international sanctions and Trade Compliance, mainly aimed at persons with delegated powers in Terna S.p.A., Terna Rete Italia S.p.A., Terna Energy Solutions S.r.l., Terna Plus S.r.l., as well as at specific recipients also of the other subsidiaries to which it is transmitted. The provision of training is repeated over time also based on developments in the external context and/or relevant regulatory updates. The training course was updated to reflect the latest EU sanctions packages against Russia, with the aim of strengthening efforts to counter circumvention of the restrictions in place and further limiting Russia's military and industrial capacity in the war of aggression against Ukraine.

Whistleblowing Guidelines

Terna has always been particularly attentive to preventing risks that could jeopardise the responsible and sustainable management of its business and, consistently with its mission and its internal control system, also to the possibility of learning about critical situations and correcting them by consolidating the relationship of trust with its stakeholders. In order to ensure responsible management and in line with legislative requirements, as early as September 2016 Terna implemented and updated a **system** for **receiving** and **managing reports of violations** of **internal** or **external regulations**, in order to guarantee fairness and transparency in the conduct of its business and activities and to protect the company's position and image, which may cause damage or be detrimental to the company, such as fraud, generic risks or a potentially hazardous situations. This ensured the maintenance of the system also in accordance with the regulatory provisions implemented first in 2017, concerning "Provisions for the protection of persons reporting offences or irregularities they have become aware of in the context of their public or private employment", and then in 2023, with Legislative Decree no. 24/2023 on whistleblowing concerning the "Implementation of Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law and laying down provisions concerning the protection of persons who report breaches of national laws" (hereinafter also the "WB Decree" or "Legislative Decree no. 24/2023").

With the adoption of the **Whistleblowing Guideline**, Terna has governed an adequate **monitoring system** that provides for the management of whistleblowing, identifying and regulating the **internal channels** of the Group companies activated for reports and their relative functioning, defining the subject of the reports and

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the people who can make them, the competence and management methods for analysis and investigation activities following receipt of reports (roles and responsibilities) and the related terms, the measures for **protecting the whistleblower**, the conditions for making **external reports** and **public disclosure**, as well as the methods and terms of data retention for the purposes of whistleblowing management activities, also in compliance with **privacy legislation**.

Tailor-made governance and design solutions were implemented by, among others, setting up dedicated IT channels for the Parent Company and for each of the Group companies with more than 249 employees (Terna Rete Italia S.p.A., the Tamini Group and the Altenia Group). For the Italian subsidiaries[119] and the foreign companies[120], in compliance with local legislation, a shared channel was set up within the portal, partly to ensure continuity of the reporting oversight envisaged by the Code of Ethics and the Global Compliance Programme. Furthermore, in addition to the IT channel, other channels have been set up to receive reports (regular mail, face-to-face meetings). In line with the internal reporting channels set up and accessible through the Portal, appropriate intercompany agreements have been signed for the Italian Group companies and overseas companies that have adopted the whistleblowing system to entrust Terna S.p.A. with the reporting management activities. Following the adoption of the Organisation and Management Model pursuant to Legislative Decree 231/2001 and in line with the Whistleblowing Decree, the Terna Foundation has also activated the whistleblowing system.

Through the internal channels established, it is possible to report unlawful committed or omitted acts and/or conduct, which constitute violations, including suspected violations, of the principles enshrined in the Code of Ethics, of internal regulations, which comprise all the provisions, procedures, guidelines or operating instructions of the company receiving the report, including the Organisation and Management Model pursuant to Legislative Decree 231/01, the anti-corruption guidelines, and the Global Compliance Programme, as well as violations of policies, company rules and regulations that may result in fraud or damage, even potential, to co-workers, shareholders and stakeholders in general or that constitute illegal acts or acts detrimental to the interests and reputation of the company, and violations, as provided for by the Whistleblowing Decree, "of national or EU regulatory provisions that harm the public interest or the integrity of the public administration or private entity".

The **corporate bodies** responsible for handling reports and, consequently, for implementing the principles and contents of these Guidelines are:

- the **Internal Audit Manager**, with regard to the receipt and analysis of reports;
- the **Ethics Committee**, with reference to making conclusive resolutions. The members of the Ethics Committee, appointed by the Chief Executive Officer, are chosen with the criterion of representing a varied point of view and a balance between the different corporate structures and roles in order to ensure the most appropriate follow-up to the report made.

Reports are handled by the Head of Internal Audit, together with the members of the Ethics Committee, in a transparent manner through a pre-defined process.

Terna S.p.A. provides adequate information about its reporting system; for further information on this topic, please see the following section "Reporting channels and procedures for investigating incidents relating to company conduct".

Finally, initiatives aimed at training staff on whistleblowing have also been prepared. For more details, see the section "Whistleblowing Monitoring" in the paragraph "Actions on corporate culture and business conduct".

[119] Terna Energy Solutions S.r.l.; Terna Plus S.r.l.; Rete S.r.l.; Terna Forward S.r.l.; Terna Interconnector S.r.l.; Avvenia The Energy Innovator S.r.l.; Electricity Service Provider Entity Region Italia - Coordination Center S.r.l.; Brugg Cables Italia S.r.l.; Halfbridge Automation S.r.l.; Rete 2 S.r.l.

[120] Terna USA LLC.; Brugg Kabel AG ABU DHABI; Brugg Cables (India) Pvt. Ltd.; Brugg Kabel AG; Brugg Cables Middle East Contracting LLC; Brugg Kabel Services AG; Brugg Cables (Shanghai) Co. Ltd; Brugg Cables (Suzhou) Co. Ltd; Brugg Kabel AG; Brugg Kabel GmbH; Brugg Cables Company Ltd (Saudi Arabia); Terna Crna Gora d.o.o.; Tamini Transformers USA LLC; Tamini Trasformatori India Private Limited.

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Reporting channels and procedures for investigating incidents relating to company conduct

The Terna Group has always been particularly attentive to preventing risks that could jeopardise the responsible and sustainable management of its business and, consistently with its mission and its internal control system, to the possibility of learning about critical situations and correcting them by consolidating the relationship of trust with its stakeholders. For this reason, the Group, following the approval of Legislative Decree no. 24 of 10 March 2023, concerning "The protection of persons who report breaches of Union law", has adopted **Whistleblowing Guidelines**[121] to regulate the system for **receiving and managing reports of breaches of internal or external regulations**, in order to guarantee **fairness and transparency** in the conduct of its business and activities and to protect the Company's position and image, which may cause damage or be detrimental to the company, such as fraud, generic risks or a potentially hazardous situation.

The **whistleblowing process** is **designed to ensure** all aspects of information security, first and foremost **the protection of the anonymity of the whistleblower**, but not least that of the **reported person**, the person involved and the person mentioned in the report, as well as the content of the report and of the relevant documentation, also in full compliance with the personal data protection legislation. There are dedicated IT channels in place for the Parent Company and for each of the Group companies with more than 249 employees (Terna Rete Italia S.p.A., the Tamini Group and the Altenia Group). For the other Italian subsidiaries and the foreign companies, in compliance with local legislation, a shared channel was set up within the portal, partly to ensure continuity of the reporting oversight envisaged by the Code of Ethics and the Global Compliance Programme. In addition to the IT channel, other channels have been set up to receive reports (regular mail, face-to-face meetings).

Through the **internal channels** of the Group's companies, it is possible to **report unlawful committed or omitted acts and/or conduct**, which constitute violations, including suspected violations, of the principles enshrined in the Code of Ethics, of internal regulations, which comprise all the provisions, procedures, guidelines or operating instructions of the company receiving the report, including the Organisation and Management Model pursuant to Legislative Decree 231/01, the anti-corruption guidelines, and the Global Compliance Programme, as well as violations of policies, company rules and regulations that may result in fraud or damage, even potential, to co-workers, shareholders and stakeholders in general or that constitute illegal acts or acts detrimental to the interests and reputation of the company, and violations, as provided for by the Whistleblowing Decree, "of national or EU regulatory provisions that harm the public interest or the integrity of the public administration or private entity".

With regard to **reporting channels** introduced by the Group, **information activities** were carried out for **employees**, **stakeholders** and **contractual counterparties**. A special section was created on Terna's corporate intranet with information (and specific FAQs) on the procedure, on the channels available for submitting reports and on their handling process, as well as on the corporate website (https://www.terna.it/it/Governance/etica-impresa/whistleblowing), to which the websites of the Terna Group's subsidiaries participating in the procedure also make reference for further details. On the pages of the specially set up **computer portal** (https://whistleblowing.terna.it/) in both Italian and English, specific details are provided, both on data protection notices and the relevant legislation and accompanying FAQs. The principles and contents of whistleblowing, which are applicable to third parties, including suppliers, are made known to the latter through contractual documentation, as well as through information on the website illustrating the reporting methods.

The persons in charge of handling the report may not disclose the identity of the whistleblower or other revelatory information to any other person who is not duly involved in the investigation without the express consent of the whistleblower.

Breaches of the whistleblower protection measures, with regard to the obligation of confidentiality, will result in

[121] These guidelines were adopted in 2016 and have been subsequently updated, most recently on 12 July 2023 (for companies with more than 249 employees), and on 14 December 2023. This has ensured maintenance of the system and also compliance with the regulatory provisions implemented in 2017 and in 2023 with Legislative Decree 24/2023 on whistleblowing and the most recent guidelines issued by the National Anti-Corruption Authority (ANAC) pursuant to Article 10 of the Decree.

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disciplinary sanctions, in accordance with the provisions of Legislative Decree no. 24/2023.

In addition, personal data collected under the whistleblowing procedure is processed in full compliance with the Privacy Policy, in accordance with the provisions of Legislative Decree no. 24/2023, taking into account the fair balance between the rights of the reported person and the right to confidentiality of the whistleblower's identity, by implementing the technical and organisational measures provided for to ensure the security of personal data in accordance with the applicable legislation.

Lastly, in addition to the reporting channels, the Group has adopted, with reference to the detection of potential fraud, which includes corruption, a **Fraud Risk Assessment** process, conducted periodically by the Fraud Management function and involving all corporate structures and all levels of the organisation in order to assess its exposure to the risk of fraud and contain it within an acceptable level. It should be specified that the scope of this activity extends to the entire organisation, since the risk of fraud is material to the entire company and impacts several business processes.

The **Fraud Management Guidelines** provide precise lines of action to be taken for the management of fraud events. In carrying out the activity, the Fraud Management structure must take care not to disclose confidential or privileged information obtained during the course of the investigation. For the examination of the events identified, the structure in charge may activate audits in the structures concerned, in liaison with other corporate control and supervisory structures. For more complex and sensitive cases, it can be supported in this activity by experienced specialists to ensure the correctness of the process and compliance with the legislation on investigative activity. The evidence gathered must be complete, reliable and adequate to reconstruct the event, supporting the conclusions that will be submitted in the final report. The Fraud Management structure is careful in formulating assumptions, opinions and views while remaining impartial and considering all elements of both possible guilt and innocence. No opinion is expressed as to the guilt or innocence of any person or party.

ACTIONS ON CORPORATE CULTURE AND BUSINESS CONDUCT

MDR-A

In order to pursue the objectives of the corporate culture and business conduct policies, the Group has undertaken several initiatives, listed below, with the aim of promoting its impact and mitigating its material risks with reference to the aforementioned topic.

Based on the area under consideration, the actions implemented during the 2025 reporting period are described below.

Activities to monitor criminal and/or administrative liability

In 2025, in order to oversee the criminal and/or administrative liability of **foreign companies** directly or indirectly controlled by the Parent Company and ensure alignment with the Parent Company's guidelines, the Compliance function monitored completion of the activities below arising from the improvement plan defined in 2024:

1) **analysis and monitoring of local corporate liability regulations:** for foreign companies required to develop compliance programmes from scratch, a dedicated legal analysis was conducted with the support of specialised legal advisors to identify specific features of local regulations compared to the Global Compliance Programme and any additional controls needed to ensure compliance with local laws. The structure also monitored – through local Compliance Managers – any significant changes in local corporate liability regulations for Group companies already equipped with compliance programmes aligned with the GCP;
2) **adoption of the Global Compliance Program and Country Annex:** following the regulatory analyses, the Group's foreign companies adopted the Global Compliance Programme (updated version of 14 December 2023) and prepared and/or updated their local compliance programmes (Country Annex), providing documentation thereof to the PCR Structure;

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3) **compliance governance:** in 2025, appointments of local Compliance Officers and Local Assistants were completed for all foreign Group companies;

4) **training:** the PCR Structure monitored the provision of relevant compliance training.

Trade Compliance Monitoring

In 2024, Terna S.p.A.'s Chief Executive Officer **updated the Trade Compliance Policy Guideline** also applicable to subsidiaries. This is to increase awareness and promote the adoption of effective organisational and compliance tools, in order to manage the Group's trade and financial instruments in global markets in compliance with the international sanctioning and restrictive rules currently in force, and therefore, to effectively control Trade Compliance risks connected with the infringement of national legislation and Restrictive Measures, to protect the Company's reputation, the market and all shareholders, as well as the commitments undertaken by the Terna Group in contractual relations with third parties. In order to ensure that Terna Group companies have a consistent approach to risk assessment, a specific **"Trade Compliance & Export Control"** Interfunctional Working Group was established, and in 2025 it worked to: (i) define a Risk Assessment methodology for trade compliance to be provided to all Terna Group companies to support Risk Assessment and the issuance of specific operating controls by each company (e.g. Operating Instructions) and (ii) update the Parent Company's Risk Assessment.

Moreover, the **training course** on international sanctions and Trade Compliance was **updated** as a control to mitigate the risk of non-compliance with sanctions regulations, also considering the latest sanctions packages against Russia.

Whistleblowing Monitoring

Within the Terna Group, several **training sessions** on whistleblowing were held in 2025. The pillars are as follows:

- the contents of the **"Terna Whistleblowing System"** e-learning course the Academy platform, aimed at those employees granted access to it, i.e. those employed by Terna S.p.A., Terna Rete Italia S.p.A., Terna Energy Solutions S.r.l., Terna Plus S.r.l. and Esperia-CC S.r.l., were defined to ensure specific training on the subject of whistleblowing, the channels available, and how whistleblowers are protected;
- **two classroom sessions of the specific training course for managers of whistleblowing reports** were organised and delivered, in response to the requirements of Legislative Decree 24/2023 to ensure the effectiveness of the safeguards put in place to guarantee fairness and transparency in the conduct of business and activities that may cause damage or harm to the company, and to protect the company's position and image;
- the course also included a focus on the methods and limits of conducting internal investigations following a whistleblowing report. The course also concluded with a learning test;
- an induction session was provided to new whistleblowing contacts in accordance with the relevant procedure, in order to provide an overview of the main activities associated with that role;
- materials were prepared and distributed to support the Brugg Cables Group, the Tamini Group, Altenia S.r.l., Halfbridge Automation S.r.l. and Terna Crna Gora d.o.o., providing practical guidance on the use of the whistleblowing IT portal, facilitating understanding of access and reporting procedures and the protections in place. For this purpose, the document used for information/training was provided in the languages of the respective companies mentioned above (i.e. English, German, Chinese, Indian, Arabic and Serbian-Montenegrin). The Brugg Cables Group also received synchronous training in English for Compliance Assistants.

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G1-2

Management of relationships with suppliers

MDR-P

POLICIES ON SUPPLIER RELATIONSHIP MANAGEMENT

Code of Ethics

To identify, assess, manage and/or remedy impacts, risks and opportunities related to supplier relationships, the Terna Group has adopted a Code of Ethics[122], which includes a specific section identifying all Terna stakeholders, including suppliers, outlining ethical guidelines for their specific needs. This section, intended as a policy safeguard for the material impacts on this subtopic, provides general guidelines regarding relationships with suppliers. It establishes Terna's commitment to ensure, first and foremost, that relationships are transparent and fair, based on mutual convenience and cost-effectiveness. Secondly, it is committed to putting suppliers in a position to compete on an equal footing on the basis of the qualitative and economic conditions of offers, guarantees of professionalism and non-involvement in unlawful activities, safety standards, and finally, if necessary, also quality, social and environmental responsibility certifications.

The **guiding principles** underlying the management of relationships with suppliers are as follows:

- **equal treatment** of suppliers;
- **compliance with contractual covenants and commitments**, with a focus on payment terms and practices. In particular, the Group undertakes to comply with such covenants and commitments, following the performance of the assignments and works in the manner agreed upon by the parties;
- **qualification criteria for suppliers**, based on specific reputational, technical and financial requirements, and which in some critical areas also take ESG aspects into account, and adoption of a Supplier Register;
- **procurement processes** that guarantee **transparency, competitiveness, equal opportunities, collaboration** and objective criteria, ensuring fair selection and continuous updating on products and services;
- introduction of specific **contractual clauses** requiring the supplier to comply with the general principles of the **Code of Ethics** and the **Organisation and Management Model** introduced in compliance with Legislative Decree 231/2001;
- **work safety** presentation on the **risks** involved in carrying out activities on behalf of the company;
- introduction of specific **contractual clauses** for **suppliers from countries** defined as "at risk" by recognised organisations, obliging them to adhere to specific obligations, including of a social nature.

MDR-A

ACTIONS RELATING TO SUPPLIER RELATIONSHIP MANAGEMENT

By virtue of the attention that the Group places on managing relations with suppliers, it is committed to selecting, assessing and managing its relations with partners and suppliers according to criteria of fairness, equity and transparency, also guaranteeing compliance with ESG criteria throughout its supply chain in line, among others, with the objectives of the Code of Ethics. This is also done in order to manage the risks related to the global supply chain crisis, which are mitigated through mitigation measures ranging from market surveys to search for new suppliers, to constant dialogue with supplier companies to ensure coverage of requirements. The actions taken in this area are outlined below.

Qualification of suppliers and related due diligence activities

As a general approach to mitigating supply chain risks, Terna uses a **Qualification System for all the core areas of supplies, works, services and professional engagements** that it intends to monitor especially closely, identified according to the strategic level of competitiveness and the volumes purchased. Only those Economic Operators that meet specific requirements

[122] For further information regarding the "Code of Ethics", reference should be made to the section "Terna Group's policies for the management of impacts, risks and opportunities" within the "General disclosures" section, as well as to the section "Policies relating to corporate culture and business conduct" within the "Governance information" section.

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of regulatory compliance, technical and organisational quality, reputation and profitability are admitted to Terna's Supplier Register. The Qualification Portal manages the entire process and ensures it is efficient, traceable and transparent.

With specific reference to the monitoring of ESG criteria, Terna manages supply chain risks through an approach that considers both the supplier's significance and its exposure to ESG risks. Sustainability risks are managed ex ante through a series of requirements that become more stringent the more the type of supply is linked to Terna's core business. There are basic requirements, such as a declaration of compliance with Terna's Code of Ethics, applicable to all suppliers, as well as additional criteria specific to core suppliers (suppliers of goods or services that are central to Terna's business).

In the sectors at greatest risk **in terms of sustainability** (primarily works and certain services), an **adequate level of environmental management and the ability to protect workers' health and safety** are also required, both represented by corporate procedures focused on key elements of the international UNI EN ISO 14001 and UNI ISO 45001 standards.

The extension of the qualification obligation to several sector is another fundamental risk prevention measures. In particular, in 2025 this requirement – already extended to all work and Global Service categories – was introduced as a requirement for a further three categories of critical supplies for the core business (HV SF6 circuit breakers; HV metal oxide surge arresters; low-voltage switchboards for auxiliary services). **UNI EN ISO 14001 and UNI ISO 45001 certification is currently obligatory** for **29** product groups, including 9 works product groups, 4 global service groups, and 16 supply categories.

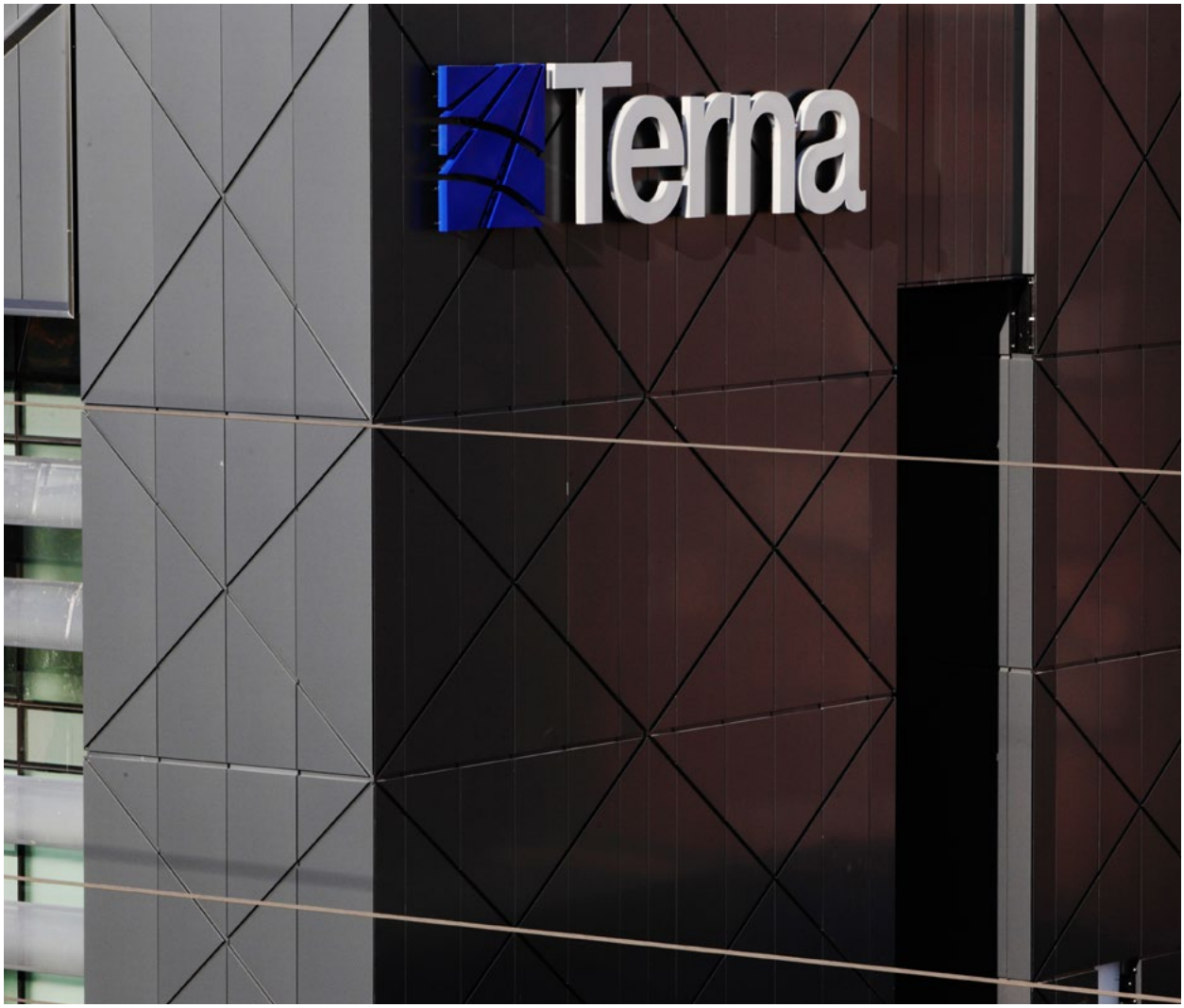
Also during 2025, as in previous years, Terna S.p.A. and Terna Rete Italia S.p.A. carried out activities to verify that the economic operators actually met the qualification requirements, including various ESG aspects, also through documentary and on-site checks. In particular, during 2025, **20 audit visits** ("qualification visits") were carried out. Of these, 75% concerned economic operators belonging to ESG-relevant sectors. During the year, **509 monitoring visits** on ESG aspects were also carried out at construction sites, and were assessed using vendor rating sheets.
Terna verifies the qualification requirements of suppliers on an ongoing basis, given the fundamental importance for the Group of continuously monitoring compliance with the Code of Ethics values throughout the supply chain.
In addition, for several major sectors, since 2006 Terna has required companies working on its construction sites to train, through specific compulsory courses, certain professional profiles considered most vulnerable to electrical hazards and the risk of falls from height.
The **training**, also carried out during 2025, involves around **1,900 employees of contractor companies** annually. The entire process is certified by ACCREDIA in accordance with the provisions of ISO/IEC 17065. Control is carried out by accredited Certification Bodies.
The qualification process can be considered as the fundamental capacity-building programme for suppliers, which is an effective tool for promoting best practices in HSE matters, in compliance with industry legislation and best practices. As at **December 2025**, **398 Economic Operators were qualified** under Terna's Qualification System. The integration of these certifications in the various sectors takes place gradually over time, but with precise timing, so as to allow operators to sustainably develop and consolidate their technical-organisational skills.

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Monitoring of suppliers

Qualified suppliers are monitored through a number of joint initiatives to share and **verify the performance and reliability of Qualified Economic Operators**. The **Supplier Qualification Committee** assesses the most significant cases and decides whether to take precautionary measures or impose penalties. The Supplier Qualification Committee, composed of most of the directly reporting managers, is a key body for joint assessment and decision-making on problems concerning the Qualified Economic Operators.

Reports may come from structures that regularly monitor the reliability of third parties, or from structures that manage contracts or purchases and tenders. In addition, a **vendor rating Card system** is in place to provide **systematic vendor performance assessment** for some highly critical product sectors. Monitoring also takes place during pre-arranged visits, regarding both new qualifications and renewals during the eligibility period, which are also organised as a result of critical events (normally regarding safety, or serious performance shortcomings).
Qualification visits are generally aimed at checking compliance with the technical requirements of qualification procedures, as well as compliance with environmental and safety standards and good practices. As with audits, the monitoring process – detailed in the previous paragraph "Qualification of suppliers and related due diligence activities" – is carried out on an ongoing basis and will therefore continue in the coming years.



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G1-3

Prevention and detection of corruption and bribery

MDR-P

POLICIES FOR THE PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

The commitments set out in the Code of Ethics[123] and in the application of the 231 Model[124] also extend, as noted in previous paragraphs, to activities and the management of impacts, risks and opportunities related to the prevention of corruption and bribery by the Terna Group.

Note also that the policies of the Group are all summarised in the section "Terna Group's policies for the management of impacts, risks and opportunities", within the "General disclosures" section.

The policies directly related to the relevant sub-topic addressed are set out below.

Terna Group's Integrated Management System Policy

Through the Integrated Management System Policy[125], which also addresses corruption alongside the topics covered in previous sections, the Terna Group is committed to:

- adopt procedures in line with legal provisions and, where possible, set targets and improvement programmes;
- promote the reporting of wrongdoing, abuse and harassment in the workplace through channels and tools (Whistleblowing Portal) that protect the confidentiality of the whistleblower;
- requesting the reporting of any issues encountered in the application of the Integrated Management System and of the initiatives undertaken on the basis of the guidelines set out in the Policy.

Furthermore, it should be noted that in January 2017 Terna was the first Italian company to obtain ISO 37001 certification for its anti-corruption management system. At present, the certification covers not only the Parent Company, but also Terna Rete Italia S.p.A., Terna Plus S.r.l. and Terna Energy Solutions S.r.l. for all activities carried out in Italy, which commit to:

- ensure conduct is based on criteria of fairness, loyalty and moral integrity that prohibit corruption;
- comply with all laws, rules and regulations on the fight against corruption, in Italy and in all countries in which the subsidiaries operate;
- conduct their activities so as not to become involved in any corrupt practices or facilitate or risk involvement in unlawful situations with either public or private parties;
- provide a framework for the identification, review and achievement of anti-corruption objectives;
- encourage the reporting of suspicions in good faith or on the basis of reasonable belief, without fear of retaliation;
- ensure the authority and independence of the Compliance Function (ISO 37001).

Independence is guaranteed by non-involvement in activities identified as being at risk of corruption. In particular, it is forbidden to:
- accept the request or authorising someone to accept or solicit, directly or indirectly, a payment or economic advantage or other benefit from public or private persons;
- offer, promise, give, pay or authorise someone to give or pay, directly or indirectly, money, other economic advantage, utility or benefit of any kind to public or private persons;
- request or obtain the promise of money or other benefits, for oneself or for others, in order to perform or omit acts in breach of the obligations inherent in one's office or of the obligations of loyalty, including causing damage to the companies themselves;

[123] For further information regarding the "Code of Ethics", reference should be made to the section "Terna Group's policies for the management of impacts, risks and opportunities" within the "General disclosures" section, as well as to the section "Policies relating to corporate culture and business conduct" within the "Governance information" section.
[124] For more information on the"231 Model", see the paragraph "Policies on corporate culture and business conduct" in the "Governance information" section.
[125] For further information regarding the "Terna Group's Integrated Management System Policy", reference should be made to the section "Terna Group's policies for the management of impacts, risks and opportunities" within the "General disclosures" section, as well as to the section "Policies related to climate change" within the "Environmental information" section.

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- threaten or retaliate against individuals who have refused to commit an act of corruption or have reported its occurrence.

The principles set out in the Integrated Policy are disseminated among employees through internal training initiatives, and among stakeholders by making the document available on the institutional website.

Finally, with reference to the sub-topic of preventing and detecting corruption and bribery, the Terna Group has adopted the Fraud Management Guideline, the details of which are set out below.

Fraud Management Guidelines

The Fraud Management Guidelines set out the criteria and rationale for **managing the fraud risk** attributable to the following macro-categories:

- **corruption and bribery** (and conflicts of interest);
- **false accounting** (fraudulent and untrue representation of company facts);
- **misappropriation of tangible and intangible assets**.

Within this framework, the Guidelines lay down the general principles of "anti-fraud" behaviour and the basis for preventing, identifying and investigating unlawful acts committed to the detriment of the Terna Group.

The document also aims to strengthen awareness of the tools put in place by the company to manage the risk of fraud, inform company personnel on what to do if they detect unlawful acts perpetrated against the Company or potential signs of such acts, and finally improve the internal control system for fraud prevention and detection.

The Guidelines are continuously monitored to ensure that they are appropriate and updated to reflect internal changes (organisational or business changes) and external changes (case law, legislative developments, best practices).

The Fraud Management process in force is designed for the early detection of potential signs and indications of fraud that may generate significant reputational, image and economic-financial negative impacts.

In order to ensure continuous monitoring of fraud prevention and management, the **Fraud Management structure** implements the following actions:

- it initiates, facilitates and supports the **Fraud Risk Assessment** and monitors the resulting action plans;
- it promotes the implementation of **anti-fraud line controls**, aiding process owners in designing robust processes to counter potential unlawful behaviour;
- it implements **Fraud Detection** checks and manages the alerts they detected;
- it cooperates with the Audit structure in **handling reports of offences** sent to Terna S.p.A.;
- it carries out **investigations** resulting from fraud detection checks and/or the handling of reports, drawing on the support, where necessary, of external specialists and/or other corporate structures for purely technical areas;
- it supports the Parent Company's legal department in taking appropriate **action** to **recover the stolen assets** and/or the **damage caused** by the perpetrator(s) of the fraudulent act;
- it promotes, with the relevant corporate structures, the **strengthening of an anti-fraud culture** through awareness-raising and information actions.

The fraud management process is inspired by industry models and best practices, as defined by the Association of Certified Fraud Examiners (ACFE), the Institute of Internal Auditors (IIA) and the American Institute of Certified Public Accountants (AICPA), which envisage the organisation of an effective Fraud Risk Management system comprising the phases of Assessment, Prevention, Detection and Investigation. In addition, the Guidelines were drafted in line with the principles and indications contained in the Code of Ethics, the Corporate Governance Code for listed companies promoted by Borsa Italiana and the relevant Italian legislation (e.g. Law no. 179/2017 as amended and supplemented, Law no. 190/2012 as amended and supplemented, etc.).

The Guidelines apply in full and without exclusion to all Terna Group companies, including those based abroad, which are required to operate in compliance with the highest standards of fairness and honesty, in accordance with applicable internal and external rules and legislation.

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The governance model for fraud risk management provides for a set of roles and responsibilities among top management, management, employees, the Parent Company's human resources and legal areas, and Fraud Management. In particular, management is responsible for implementing the provisions of the relevant company guidelines, and therefore implements controls, assesses risks and reports irregularities.

The Parent Company and its subsidiaries know that making all stakeholders (internal and external, at all levels) aware of the existence of an anti-fraud policy reinforces the Group's efforts to counter the rationalisation of fraud, discourage possible fraudulent intentions and spread a culture of intolerance towards improper behaviour.
In this respect, Terna's website has a section dedicated to the anti-fraud policy adopted, for its dissemination and communication to all external stakeholders (customers, suppliers, consultants, electricity sector operators). The company intranet also has a similar section.

Lastly, this Guideline is disseminated internally through the document system published on the company intranet.

Fraud Management, in collaboration with the relevant functions, promotes awareness and training initiatives on anti-fraud topics, including the online course "Introduction to Anti-Fraud", available on the Academy section of the company intranet and addressed to the entire workforce.

MDR-A

ACTIONS FOR THE PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

In order to pursue the objectives of the corruption and bribery policies, the Group has undertaken several initiatives, listed below, with the aim of reducing and mitigating its impact with reference to the aforementioned topic.

Activities to update the 231 Models of the Terna Group's Italian subsidiaries

The Supervisory Body (hereinafter SB) of Terna S.p.A., as well as those of the other Italian Group companies[126], in their 2025 half-year reports, based on the information flows received, documentation reviewed and hearings conducted, **confirmed the adequacy of the Parent Company's 231 Model** and those of its subsidiaries, as well as their proper and effective implementation, including through training and information activities.

The 231 Model of Terna S.p.A. was last updated on 17 February 2025, and subsequently the 231 Models of the Group's Italian companies were updated during the year.

During 2025, the **"Terna Group Legislative Decree 231/2001 - online" course** was provided for the Group's Italian companies with employees, while **specially designed courses** were provided for a selection of employees of the Group's Italian companies, depending on the riskiness of their activities. In addition, courses were provided to obtain and keep the "SB Member - Legislative Decree 231/2001 Expert" certification.

Moreover, in 2025 the **Risk Assessment underlying the update of the 231 Models of the Group's Italian companies was completed**[127], reflecting regulatory and organisational changes since the previous versions.

On this occasion, the processes were updated to align them with the Terna process map in Appendix 1 of the Guideline "The Internal Regulations".

With regard to the results of the assessment carried out, for all the Group's Italian companies, the internal control environment was found to be adequately supervised and specific monitoring standards were implemented in internal regulatory instruments or operational practices.

In 2025 there were no cases of breaches of anti-corruption procedures or convictions relevant for the purposes of Legislative Decree 231/2001.

[126] With the exception of Rete 2 S.r.l., which has not yet adopted its own 231 Model, having been acquired by Terna S.p.A. on 30 September 2025. Preparatory activities for the implementation of a 231 Model will be initiated in 2026.
[127] With the exception of STE Energy S.r.l., acquired by Altenia S.r.l. on 29 May 2025, whose 231 Model will be aligned with the Parent Company's guidelines during 2026.

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Anti-corruption training

In order to prevent the risk of corruption, the Terna Group has also planned **specific training programmes**[128] for 2025. The corruption and bribery training programmes offered by the Group focus on the entities' administrative liability, the management of Organisational Models pursuant to Legislative Decree 231/2001, and the ISO 37001:2016 standard for anti-corruption management systems.

The training offer includes specialised refresher courses on **Legislative Decree 231/2001**, fundamental for remaining certified, with a focus on regulatory updates, supervisory and control procedures, and the organisation of the Organisational and Management Model (MOG). The role of the Supervisory Board (hereinafter SB), information flows and internal audits are discussed in detail. A specific course for 231 Contact persons provides operational tools to assess business needs and changes in the legal framework.

A specific training module is dedicated to Legislative Decree No. 231/2001, with the aim of providing a comprehensive knowledge of the legislation on the administrative liability of entities and companies. The course is divided into two parts: the first explores the general legal framework, while the second delves into the 231 Model adopted by the Terna Group, analysing its structure, purpose and practical application within the company. It should also be noted that the Board of Directors is constantly updated on the subject, by the SB half-year reports on its 231 activities.

Another key element of the training is the **Anti-Corruption Management System**, compliant to **ISO 37001:2016**, adopted by the Terna Group since 2017 as part of its Integrated Management System (IMS). This internationally recognised standard defines the requirements for planning, implementing and improving a corruption prevention system, applicable to any organisation regardless of sector or size.

The course on ISO 37001 delves into the legal and application framework of the Terna Group's Anti-Corruption Management System, which excludes the use of corruption in any form and is based on key ethical principles such as honesty and transparency. The Anti-Corruption Guidelines, the Global Compliance Program for foreign companies, the Fraud Management Guidelines and the whistleblowing reporting system are analysed, as essential tools to ensure compliance and risk management.

Overall, these programmes provide a high degree of depth, integrating legal and operational aspects of corporate compliance. Using a structured and certified approach, the Terna Group strengthens its commitment to corruption prevention, risk management and the dissemination of a culture of ethics and responsibility.

Fraud risk assessment activities

In 2025, a Fraud Risk Assessment was conducted covering three Terna Group companies: Terna Crna Gora d.o.o., Terna Forward S.r.l. and Esperia-CC S.r.l. The activity involved 7 company structures of the first level and allowed the assessment of the design of the Terna Group's Anti-Fraud Internal Control System (ICS) as adequate to maintain the overall residual risk at a low level. In particular, regarding the risk of Corruption, which is the most widespread risk, the Internal Anti-fraud Monitoring System envisages preventive and systematic intervention measures, including the establishment of collegial bodies (Committees) for all the decision-making phases of the most sensitive processes. In general, the representatives of the units involved were found to be highly committed and aware of ethical and integrity issues.

Updating Fraud Risk Assessment Methodology

The new fraud risk assessment methodology, updated in 2024 and detailed in the document "Fraud risk analysis and management" annexed to the Fraud Management Guideline, was applied starting from this year. Indeed, with reference to the fraud risk management activities listed below, it should be noted that these consist of verifying and monitoring the Group's activities classified as sensitive, also by means of sample-based checks.

Audit activities on sensitive processes

Also during 2025, checks on sensitive processes were carried out, with the aim of testing existing control measures/good practices or identifying appropriate measures to strengthen the anti-fraud control system. The checks focused specifically on such issues as compliance with the principles of segregation of roles, traceability of actions carried out and the plurality of the persons involved. No significant shortcomings were found with regard to any of the topics considered.

[128] The training programmes described cover 100% of functions exposed to corruption risk. The term "function" refers to the Group's corporate structures up to the second hierarchical level from the Chief Executive Officer. The administrative, management and supervisory bodies are constantly informed on anti-corruption issues. Specifically, in 2025, no specific training sessions were organised in this respect.

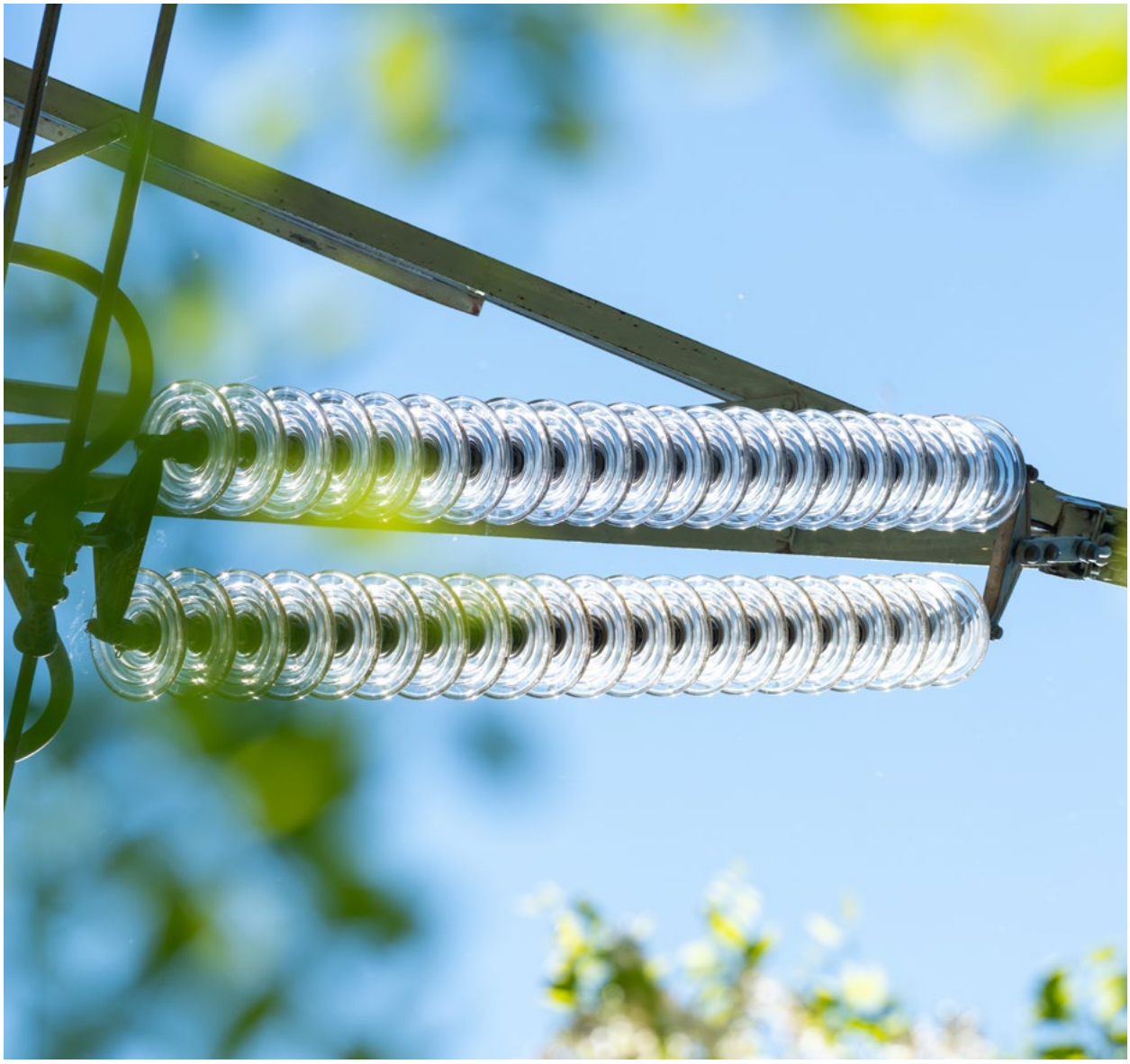
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Continuous monitoring of sensitive events

During 2025, a process was conducted to continuously monitor sensitive events that may present, even indirectly, critical issues for Terna and/or identify new fraud schemes that might potentially be implemented to the detriment of the Terna Group. This activity revealed no elements with a negative financial or reputational impact on the Terna Group.

Detection activities

In 2025, detection activities were carried out to identify warning signals and potential red flags of fraudulent behaviour, through the analysis and correlation of data and information and the use of predictive models for monitoring Terna's suppliers and subcontractors, to prevent the risks of organised crime infiltration in procurement. This activity did not reveal any significant vulnerabilities or critical issues. In the event that any investigation activities are required, these will be carried out - continuing the approach already adopted in 2024 - by the Internal Anti-Fraud Control System.



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Metrics and targets related to business conduct and supplier relationship management

MDR-T

TARGETS OF THE 2024-2028 SUSTAINABILITY PLAN

As part of the 2024-2028 Sustainability Plan update, the Terna Group has defined a specific target to assess the progress with respect to business conduct and supplier relationship management and the related material impacts, risks and opportunities also with a view to ensuring a clear path towards achieving the targets identified by the thematic policies adopted by the Group and reported on previously.

Targets of the 2024-2028 Sustainability Plan update - "Sustainable value chain" Pillar

TARGET	TARGET BOUNDARY	METRIC AND RELATED UNIT OF MEASUREMENT	BASELINE YEAR / BASELINE VALUE	VALUE 2025	MILESTONE 2025	MILESTONE 2026	MILESTONE 2027	MILESTONE 2028
Extension of mandatory ESG certification to supply segments	Terna S.p.A., Terna Rete Italia S.p.A.	Supply segments where ISO:14001 and ISO:45001 certification is mandatory/total supply segments (%)	2024 43%	53%	50%	65%	80%	90%

With reference to the above-mentioned target on the extension of mandatory ESG certifications to suppliers, this was developed and set out, for the first time, in the 2024-2028 Sustainability Plan, the first to be integrated with the Industrial Plan. **Note that for 2025 a target of 50% was envisaged; the actual value is 53%,** thus confirming a positive trend. The updated Sustainability Plan, whose guidelines were shared at the Sustainability Governance and Scenarios Board Committee and also represented within the Industrial Plan document submitted to the Board of Directors, did not require any particular changes in terms of metrics or methodologies for this objective.

The target indicated in the table is consistent with the aims expressed in the Code of Ethics, for the part concerning the introduction of qualification criteria for suppliers, based on specific technical and financial requirements, and which also take ESG aspects into consideration. The target was also drawn up taking into account the main international frameworks (e.g. ILO, UNI ISO 45001, UNI ISO 14001, GRI) and it also takes into account the requirements expressed by the various rating agencies specialised in sustainability issues. In particular, the target represents the continuation of a path of gradual accompaniment of suppliers in the acquisition of the most typical certifications of virtuous systems attentive to the environment and safety. The reason for following a gradual approach is that the Group's supply segments often consist of a very small number of suppliers that are essential for core activities; preliminary activities are therefore carried out with these suppliers to assess the impact of the mandatory introduction of the requirement; indeed, it was decided to extend the adoption of ESG requirements to new supply segments, following the positive outcome of preliminary surveys and awareness-raising actions.

With regard to the process for setting and updating targets, stakeholder engagement and monitoring the related performance, reference should be made to the section "The strategy – 2024-2028 Sustainability Plan update".

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METRICS RELATED TO BUSINESS CONDUCT AND SUPPLIER RELATIONSHIP MANAGEMENT

G1-4

Confirmed incidents of corruption or bribery

With regard to this metric, in 2025 there were no cases of convictions imposed for violations of laws against corruption and bribery. Moreover, no actions were taken to address breaches in procedures and standards of anti-corruption and anti-bribery.

G1-6

Payment practices

With regard to payment practices, the average time taken by the Terna Group to pay an invoice was calculated by considering all invoices paid to suppliers in 2025 and determining the weighted average time from the invoice issue date to the value date of the related payment.

In this regard, it is specified that the scope of analysis is based on payments made by bank transfer during 2025 by the Terna Group, and that based on the Group's current reporting system within the scope, it was possible to identify two main categories of suppliers, namely "companies", subdivided into "energy companies" and "non-energy companies", and "self-employed contractors". It should be noted that the Terna Group determines contractual payment terms according to the type of service and supplier job order and the material to be purchased from them, thus not taking into consideration whether such services are provided by small and/or medium-sized enterprises (SMEs), regardless of the type of supplier. Therefore, the Terna Group's weighted average time in 2025 was 35 days, compared with 37 days in 2024.

The standard payment terms set for each main supplier category of the Terna Group are:

- for energy companies, the most significant category in terms of amounts, terms are set and defined directly by the relevant ARERA regulation according to the different applicable cases and overall are mainly equal to or less than 30 days. The percentage of payments made in 2025 in accordance with these terms was approximately 99% (approximately 97% in 2024);
- for non-energy companies, terms are equal to or less than 30, 60, 90 and 120 days. The percentage of payments made in 2025 in accordance with these terms was approximately 80% (approximately 81% in 2024);
- for self-employed service providers, terms are equal to or less than 30, 60, 90 and 120 days. The percentage of payments made in 2025 in accordance with these terms was approximately 64% (approximately 67% in 2024).

In the 2025 reporting year, data collection methods and calculation criteria were refined to provide a more accurate representation of payments made within standard terms. This led to the recalculation – shown above – of values and their presentation also for 2024, which amounted to 95% for energy companies, for non-energy companies 45% and 81% respectively for payments made within and beyond 60 days, and for self-employed service providers 57% and 74% respectively for payments made within and beyond 60 days.

The number of legal proceedings pending against Terna Group suppliers due to late payment during 2025 is 8, compared to 6 in 2024. Note that this metric does not include payment delays to sub-suppliers.

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Innovation and digitalisation [Entity specific]

Management of material impacts, risks and opportunities relating to innovation and digitalisation

SUMMARY OF MATERIAL IMPACTS AND OPPORTUNITIES RELATING TO INNOVATION AND DIGITALISATION

IMPACTS, RISKS AND OPPORTUNITIES
Positive impacts
Promotion of "Open Innovation" through structured collaborations with Start-ups, research institutions and universities to develop innovative technologies to support sustainable transition
Continuous improvement of efficiency and quality of service through innovative technologies aimed at automation and digitalisation of processes
Opportunity
Reduction in operating costs through the development of innovative and digital technologies - also through structured collaborations with Start-ups ("Open Innovation") - aimed at monitoring weather events and consequently enhancing the resilience of the NTG
Improved operational effectiveness through the use of Artificial Intelligence and predictive solutions to enhance grid resilience and optimise the maintenance management of distributed and substation assets
Expansion of business through patentability of innovative technology solutions

MDR-P

POLICIES RELATING TO INNOVATION AND DIGITALISATION

The Terna Group identifies innovation and digitalisation as two fundamental drivers for sustainable business growth. Accordingly, the Group bases its operations on a series of guidelines, operating instructions and internal documents that identify three main development lines, which act as a reference for defining initiatives relating to this topic. Specifically, the development lines identified are as follows:

- **Technology Development:** in supporting business lines to adopt innovative technologies, it is necessary to approach their development and validation according to a structured approach that can manage the risk of failure and maximise the likelihood of adoption. This makes it possible to manage and promote positive impacts, also in terms of the probability of their occurrence, and seize relevant opportunities, especially in terms of reducing part of the business's operating costs. The development of innovative technologies is carried out by the Innovation structure for all Terna Group entities (excluding Non-Regulated Activities) and concerns both the Company's more "core" activities such as dispatching, engineering, and asset maintenance, and the entities responsible for staff processes to make their operations more efficient. Almost all technological developments are carried out with third-party companies that dominate a specific technology and have significant growth potential (innovative Start-Ups and SMEs) and that can synergise their expertise with the Terna Group's skills and know-how;

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- **Monitoring of Innovation Ecosystems:** in order to adequately nurture the development of its technologies and ensure adequate monitoring of the actors and geographical areas with the highest strategic potential, for the Terna Group, it is important to be in constant dialogue with the outside world according to the logic and methods typical of Open Innovation in order to significantly contribute to the pursuit of inclusive and accessible innovation. Monitoring ecosystems is key not only to adequately nurture the innovation process of the entire Terna Group, but also puts the Company's expertise in contact with the technological excellence of third parties outside mere project development, allowing for a continuous dialogue with international stakeholders also on issues adjacent to the energy transition;
- **Promoting and investing in Start-ups:** Terna has been committed for years to constantly collaborating with third parties in the development of innovative technologies and, with this in mind, it is important to protect the Group's skills and creative abilities by enhancing, where possible, partnerships with Start-ups that are deemed to be of strategic importance for the Company, including through investments in them, either directly or indirectly. The promotion of innovation initiatives and investment activities therefore entails continuous dialogue with various stakeholders, both internal to assess the presence of inventive proposals to be protected (intellectual property management), and external to identify the best innovative entities in which it is possible to invest (such as Start-ups, venture capital funds, or advisors).

The above-mentioned development lines are governed by the company policies (Guidelines on the Management and organisation of innovation in the Terna Group; Operating instruction - Implementation of the innovation process; Innovation Plan) on innovation and digitalisation. The entity responsible for implementing these policies across the Group is the Head of Innovation. These policies, aimed at pursuing the benefits and material opportunities associated with this topic, are defined in compliance with applicable regulations and best practices, and are periodically updated in light of context evolutions and the requests that emerge from the engagement activities conducted with the Group's stakeholders. The Innovation Structure is responsible for the monitoring and governance of innovative projects within the Group through the Stage & Gate process. This process envisages three different moments of analysis of solutions development ("Gate Review"), in which the progress of the projects can be assessed, resulting in an assessment of resource requirements, development opportunities and future financing.

Digitalisation, in particular, represents a fundamental lever for the Group to support and accelerate the energy transition process. With this objective in mind, numerous actions have been undertaken, such as the programmes aimed at improving and digitalising the asset management process through the DIgiS (Digitalisation of Substations); DIgiC (Digitalisation of Cables); DIgiL (Digitalisation of Lines) and Private Mobile Network (a platform for monitoring the national electricity grid) initiatives. For more details see the section "The Terna Group's operating Performance - Regulated Activities – Infrastructure maintenance - Asset digitalisation programmes".

In addition, artificial intelligence (AI) plays a key role as part of the "Twin Transition" process, according to an approach that combines digitalisation with energy sustainability, for the transformation of the electricity system. AI is, in fact, used to optimise decision-making processes, automate operations and strengthen grid resilience and efficiency. In compliance with European regulations in this area (AI Act and related), the Group manages this issue through a prudent and risk-minimising approach. For more details see the section "The strategy – Digitalisation and innovation in support of the transition".

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MDR-A

ACTIONS RELATING TO INNOVATION AND DIGITALISATION]

The Terna Group implements a series of actions for all Group companies (excluding Non-Regulated Activities) aimed at promoting its material impacts related to innovation and digitalisation, in line with the principles and targets of the policies adopted and described above.

Based on the scope of reference, the actions implemented in 2025 and any further initiatives planned by the Group for the coming years are listed below.

Selection of viable technologies for the Group's business

In line with commitments undertaken in technological development, once again in 2025 Terna S.p.A. adopted a structured approach aimed at selecting technologies suitable for the Group's Regulated Activities in Italy, promptly discontinuing those that are less promising or have usage limitations.

To this end, a model based on the **Stage & Gate** approach is used, representing the main tool for evaluating and selecting innovative initiatives. The model is structured into **three main phases**, the duration of which depends on the type of project – screening of the most suitable innovative solutions, development of selected initiatives and subsequent adoption – and includes successive stages separated by periodic reviews of project progress, during which initiatives undergo technical and industrial assessments to determine whether to proceed, redirect or discontinue them.

For the process to be effective, it is normal for part of technological developments to be discontinued at intermediate stages. Otherwise, an excessively high level of project maturity would indicate not innovation but adoption of already established technologies. Application of this approach has supported engagement with Start-ups, also through the launch of open calls.

Creation of the "Terna Innovation Zone"

In line with commitments related to managing innovation ecosystems, it was decided to consolidate a structured, ongoing collaboration approach with selected strategic geographies through the creation of **Terna Innovation Zones (TIZ)**, through which the Terna Group not only develops collaborations with leading global innovation players (academic and industrial), but also promotes abroad the technologies and companies with which it has collaborated and developed innovation, acting as an industrial validator in the energy transition.
In this context, **during 2025** the Parent Company inaugurated and activated **new Innovation Zones**: at the **beginning of 2025 TIZ Tunis** was launched, targeting a strategically important area due to the Italy-Tunisia interconnection project (ELMED), supporting the Tunisian innovation ecosystem in developing innovative companies and skills in the energy and digital transition of the electricity system; **in the second half of 2025 TIZ Adriatico** in Ascoli Piceno was opened, a new hub dedicated to developing innovative entrepreneurship in the Marche region and across the Adriatic area, together with **TIZ Turin**, a hub that consolidates the Terna Group's presence in the main European innovation ecosystems. The Terna Innovation Zones have defined a schedule consistent with the Terna Group's 2024-2028 Industrial Plan.

Intellectual Property Protection

In line with commitments related to the development of and investment in Start-ups, significant action was taken to protect intellectual property. In **2025**, **20 titles** were filed or obtained, bringing the Terna Group's portfolio to **85 titles** (including patents, design models and copyrights), and further actions should be undertaken to assess their potential exploitation. Therefore, actions will be implemented to analyse the portfolio developed to date with a view to protection only, in order to understand its potential for exploitation by third parties, also by leveraging the Start-ups the Group has collaborated with.

Industrial IoT

Within the digitalisation strategy and the adoption of advanced technologies for grid monitoring, the Industrial IoT initiative continues its implementation and consolidation, aiming to ensure more efficient, timely and predictive management of assets across the Terna Group.

The Industrial IoT initiative covers the entire value chain of the Group's core activities, with particular reference to:

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- real-time monitoring of operating conditions of line and substation assets through IoT devices and industrial sensors;
- data collection, transmission and processing through Edge solutions and centralised platforms, enabled by dedicated connectivity and scalable architectures;
- integration of data into the Terna Data Sense platform, supporting predictive maintenance systems and decision-making processes;
- involvement of territorial operational units and engineering, maintenance, safety and innovation functions;
- management of relationships with technology suppliers, Start-ups and academic partners for the development of new IoT solutions and advanced analytics algorithms.

Within the Terna Group, activities extend across the entire national territory, covering medium- and high-voltage assets, primary substations and ancillary components, with progressive expansion of the scope depending on project phases.

The initiative continues according to a multi-year roadmap (2022-2026), which provides for:

- 2025 as a key year for expanding the scope of the monitored assets, consolidating data collection capabilities and evolving the IoT management platform;
- completion of the programme in 2026, with further increases in installed devices, strengthening of dedicated connectivity, implementation of advanced predictive algorithms and full integration with company maintenance and asset management systems.

AI Strategy and Adoption

The “AI Strategy and Adoption” programme was launched in 2025, with a time horizon aligned with the entire Industrial Plan and currently planned through 2028, both in terms of adoption and organisational maturity development. The programme involves all departments of the Parent Company and is structured around four main objectives:

- define the corporate Vision and ambition regarding AI, supporting the Industrial Plan, with principles and foundations guiding technological adoption;
- assess the regulatory framework, identifying preventive and control measures to ensure secure adoption, both in privacy/compliance and Cyber Security, and define an appropriate change management plan;
- define processes, operating models and guidelines for the adoption of technologies to be used;
- identify impacts, opportunities and risks of AI in existing processes and actively involve both corporate and core business functions.

To support this strategic framework, in the same year the Artificial Intelligence (AI) and Machine Learning (ML) Centre of Excellence was established within the IT & Digital function, which – in synergy with the Optimisation and Forecasting Models for the Electricity System function – aims, among other objectives, to promote efficient AI-based solutions to reduce grid downtime by preventing faults, automate bug detection and improve grid monitoring.

Building Information Modeling

The adoption of Building Information Modelling (BIM) is part of the digital transformation of design and construction processes for the NTG, mainly led by Terna S.p.A. and Terna Rete Italia S.p.A. The Information Modelling methodology is one of the pillars on which the Terna Group is building standardised, interoperable data models representing different types of plants, involving all stakeholders engaged in plant design and construction processes.

In 2025, BIM application expanded significantly to all plant types, with implementation of the 5D dimension (integration of cost estimates into the 3D model, enabling real-time economic impact assessment), development of code checking rules, application of clash detection and consolidation of standards redesigned in a modular and

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scalable way, ensuring information management aligned with the entire lifecycle of NTG assets. Numerous BIM initiatives are under way across different asset types of the NTG, supported by BIM Coordination activities and new training programmes. The monitoring of such processes is carried out through a structured system of quality and efficiency KPIs, aimed at supporting continuous improvement.

In 2025 the DAM Programme (from BIM to Digital Asset Model) was also launched, evolving the BIM from a regulatory requirement into a strategic lever for integrating processes across the entire asset lifecycle. Planned for completion by 2029, the programme aims to ensure a unified, consistent view across processes, systems and data, enabling comprehensive and integrated lifecycle management of NTG assets, also through the scaling up of the BIM methodology.

Metrics and targets relating to innovation and digitalisation

TARGETS OF THE 2024-2028 SUSTAINABILITY PLAN

MDR-T

As part of the 2024-2028 Sustainability Plan update, the Terna Group has defined a specific target to assess the progress with respect to the topic of innovation and digitalisation with reference to the related impacts and material opportunities, also with a view to ensuring a clear path towards achieving the targets identified by the thematic policies adopted by the Group and reported on previously. This section documents the target relating to projects involving Start-ups or innovative SMEs.

Targets of the 2024-2028 Sustainability Plan update - "Sustainable Growth'" Pillar

TARGET	TARGET BOUNDARY	METRIC AND RELATED UNIT OF MEASUREMENT	BASELINE YEAR / BASELINE VALUE	VALUE 2025	MILESTONE 2025	MILESTONE 2026	MILESTONE 2027	MILESTONE 2028
Development of proects involving startups and innovative SMEs	Terna Group	Number of projects involving innovative Start-ups/SMEs compared to the total number of corporate innovation projects (%)	2023 30%	35%	≥ 30%	≥ 30%	≥ 30%	≥ 30%

With reference to the above target, it was defined and presented for the first time in the 2024-2028 Sustainability Plan. The Sustainability Plan update did not introduce any significant changes to this target in terms of metrics or methodologies. For 2025, 2023 was identified as the base year, as the last year prior to the launch of the plan in question.

The target indicated in the table is consistent with the aims set out in the section "Policies relating to innovation and digitalisation", and with reference to the commitment to promote collaboration with innovative Start-ups. The ≥30% target refers to the percentage of projects involving Start-ups/SMEs, whose annual actual value represents a year-end snapshot of the percentage within the Innovation portfolio.

This percentage was 35 in 2025, in line with the target. The difference compared to the 2024 figure (54%) is due to a reorganisation of all Innovation activities, with consequent integration and optimisation of projects. The 2025 value confirms the relevance of the 30% steady-state target, considered a minimum threshold, with the aim of remaining above this level each year.

To better monitor performance during the year, quarterly measurements are also carried out (based on a snapshot as at the last day of the third month).

With regard to the process for defining and updating targets, monitoring the related performance, and engaging employees, reference should be made to the section "The strategy – 2024-2028 Sustainability Plan update".

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MDR-M

METRICS RELATING TO INNOVATION AND DIGITALISATION

In order to monitor the effectiveness of the actions taken with regard to innovation and digitalisation, as well as their contribution to achieving the targets that the Group has set as part of its relevant policies, the Group has defined the following metric as part of its activities to capitalise on investments in Start-ups.

	U.M.	2025	2024
Project initiatives involving Start-ups and innovative SMEs*	%	35	54

** Number of projects involving innovative Start-ups/SMEs compared to the total number of company innovation projects.*

For the trend of this metric, see what is illustrated above in the targets section.

Cyber Security [Entity specific]

Management of material impacts, risks and opportunities in relation to Cyber Security

SUMMARY OF IMPACTS AND OPPORTUNITIES RELATED TO THE CYBER SECURITY

IMPACTS, RISKS AND OPPORTUNITIES
Positive impacts
Increased security of the Group's business processes (e.g. electricity system resilience) through effective defence measures against digital attacks
Risks
Computer fraud (e.g. Social Engineering)
Compliance with NIS Directive 2 (Network and Information Security)
Cyber Attack Risk
Compromise of data encrypted with standard algorithms following Q-Day

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MDR-P

CYBER SECURITY POLICIES

To support the management of impacts, risks and opportunities relating to Cyber Security, the Terna Group has defined a set of policies in line with applicable regulations and best practices, periodically updated based on the evolving context and insights from stakeholder engagement. These policies are all summarised in the section "Terna Group's policies for the management of impacts, risks and opportunities", within the "General disclosures" section.

The policies directly related to the relevant sub-topic addressed are set out below.

Terna Group's Integrated Management System Policy

Through adoption of the Integrated Management System Policy[129], and in line with best practices and the most advanced Cyber Security principles, the Terna Group undertakes to:

- develop, maintain and improve the internal regulatory framework based on a two-level Information Security Policy (strategic guidelines and specific policies), which outlines the governance model and establishes roles, responsibilities, frameworks and other supporting tools, including standards and methodologies;
- take all necessary actions to pursue security objectives consistent with the degree of sensitivity of corporate information and the critical issues of the technologies that enable its processing, through the protection of the attributes of:
  - Confidentiality, by taking appropriate action against unauthorised access to the information or its uncontrolled dissemination or disclosure;
  - Integrity, by taking appropriate action against the occurrence of unauthorised modifications, including human error, or damage to the physical format and/or semantic content of the information;
  - Availability, through appropriate actions to ensure access to information resources in a time and manner "consistent" with the needs of business activities.
- systematically perform risk analysis and management activities according to the information security classification, in accordance with company policies and models, to identify the necessary controls;
- integrate security within the life cycle of ICT projects, implementing on the ICT components of the company's Information Systems (servers, fixed and mobile computers, infrastructures, applications, databases, computer networks, etc.) the functional protection measures for a correct security approach;
- ensure the compliance of Information Systems with corporate security standards over time;
- monitor at corporate level the status of information security and ICT systems and the level of compliance with the internal regulatory framework and current legislative constraints;
- prevent and manage information security events and/or incidents, collecting and preserving related records, including for forensic analysis and improvement programmes;
- continuously observe the development of the external cyber threat framework to derive the necessary elements for updating defence programmes;
- promote and implement targeted or widespread information security training and awareness plans;
- interact with the relevant institutions to contribute to the national cyber protection and cyber security plan, for the enhancement of the defence capacity of national Critical Infrastructures and actors of strategic importance for the country.

In addition to the Integrated Management System Policy, the Group has also adopted the Guideline "Information Security Policy – Strategic Guidelines", detailed below.

[129] For further information regarding the "Terna Group's Integrated Management System Policy", reference should be made to the section "Terna Group's policies for the management of impacts, risks and opportunities" within the "General disclosures" section, as well as to the section "Policies related to climate change" within the "Environmental information" section.

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Guidelines "Information Security Policy - Strategic Guidelines"

The document defines the strategic directives for ensuring information security within the Group, in compliance with current legislation and industry regulations. Specifically, the policy establishes the security targets depending on the protection of information and continuity of the Group's business, as well as the professionals and committees, with their respective responsibilities, required to guarantee information security.

The security aspects that are addressed in the policy relate to:

- information life cycle;
- management of employees;
- management of third parties;
- life cycle of Information Systems;
- physical and environmental security of technical departments and systems;
- security of computer networks and telecommunications services;
- security of IT and OT assets;
- detection and management of information security incidents.

The policy applies to the entire Terna Group, with particular reference to:

- Group information;
- Information Systems (applications, IT services, telecommunications networks and services, IT/OT systems, etc.) of the Group;
- cloud computing on third-party platforms;
- services provided by third parties.

The responsibility for information security lies with:

- group employees;
- parties with an existing contract with the Group who have access to Information and/or Information Systems, such as, for example, contractors, consultants, interns, suppliers;
- other persons who have access to the Information and/or Information Systems, such as, for example, customers and visitors.

The document is approved by the Chief Information Security Officer (CISO) and the Director of the structure to which the CISO reports, who ensures its implementation and monitoring. Implementation of the policy is preparatory to the management of applicable standards in the area of cyber security. Examples include, without limitation: ISO/IEC 27001:2013, ISO/IEC 27005:2011, ISO/IEC 27035:2011, NISTSP 800-53.
The policy takes into account stakeholders' interests in terms of protecting their information and is available on the corporate intranet.

CYBER SECURITY ACTIONS

MDR-A

Cyber threats are a major focus of attention given the effects they may have in terms of achievement of business objectives, damage to systems, loss of due data security requirements, and exposure to substantial penalties under mandatory regulations.
Energy infrastructures, and especially electricity transmission grids, play a key role in the effort to achieve ambitious national and European decarbonisation targets. The evolution of the electricity supply chain, especially in view of the growth in the number of stakeholders and the increase in the number of photovoltaic plants, has led to an expansion of the potential attack surface and the emergence of new risk scenarios from a cyber security perspective.

The increase in connected devices, the several interconnections, the complexity of systems and the use of solutions that allow remote access to devices in the electricity supply chain are just some of the main factors to consider in terms of cyber risks. In the face of this increasing complexity of the electrical environment, technologies, skills and innovation are needed.

To manage the evolution of the electricity system and its progressive digitalisation, while safeguarding electricity data assets against potential cyber threats, over time the Terna Group has developed a structured and consistent cyber security **governance model**, centrally directed under the coordination of the Group **Chief Information Security Officer (CISO)**. This model integrates the definition of cyber risk management policies, the development of security strategies aligned with business and regulatory objectives and the strengthening of governance processes and awareness and training initiatives, ensuring end-to-end coverage

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of cyber aspects. Within the same framework, the model also includes the design and evolution of security architectures, engineering and integration activities for protecting digital infrastructures and critical systems, as well as continuous monitoring, detection and management of security events, supported by centralised management of Cyber Security technology platforms.

On the regulatory front, greater attention has been focused on this issue at national and European level in recent years. Examples include, but are not limited to:

- Directive (EU) 2022/2555, which aims to strengthen the overall level of cyber security within the European Union. This directive was implemented in Italy by Legislative Decree no. 138, applicable from 18 October 2024.
- The National Cyber Security Perimeter (Decree-Law 105/2019), aimed at ensuring a high level of security for the networks, information systems and IT services of public authorities, as well as of the entities and operators of essential national, public and private services, by establishing a well-defined perimeter and preventive measures and controls to guarantee the necessary cyber security standards;
- Regulation (EU) 2016/679 of the European Parliament and of the Council (General Data Protection Regulation - GDPR), which aims to strengthen and unify the protection of personal data within the European Union.

Mainly through projects led by the Cyber security structure, Terna has implemented a series of initiatives aimed at mitigating cyber risks and contributing to raising its cyber security posture.

In particular, the actions implemented in 2025 to manage Cyber Security risks for Terna S.p.A. and for the subsidiaries[130] with technological infrastructure shared with the Parent Company are set out below. For the other subsidiaries of the Terna Group, during 2025 control methods to be adopted were identified based on a gradual approach.

Compliance assessment activities

Compliance assessments were performed in 2025 and will continue in 2026, across various areas:

- **legislative area:** aimed at assessing the level of achievement of IT security requirements required by national and international mandatory regulations and the implementation of consequent initiatives to monitor and address any identified gaps. These assessments were carried out in continuity with the 2024 activities;
- **supply chain area:** aimed at assessing the cyber security posture of third parties connected to the Terna ecosystem. These assessments were carried out in continuity with the 2024 activities.

Activities involving company personnel

During 2025, as in previous years, the Group carried out several initiatives for employees under the **"Digital Antibodies" Cyber Security Awareness programme**, aimed at promoting best security practices at all organisational levels and building cyber awareness. These included simulated smishing and phishing campaigns to mitigate risks from social engineering attacks, as well as cyber exercises to test crisis management capabilities, such as the Capture the Flag organised with the Cyber Defence Centre, which also involved functions outside Cyber Security.

In October 2025 – during European Cyber Security Month promoted by ENISA – the Terna Cyber Life gamification experience was also made available to all employees, raising awareness of key Cyber Security topics through innovative training methods.

Also in 2025, dedicated training sessions were offered to the Chief Executive Officer, Chair, First Line managers and members of the Boards of Directors (Terna S.p.A. and subsidiaries).

Finally, the following Cyber Security exercises carried out in 2025 are worthy of note:

- Organisation by the Terna Cyber Defence Centre of a Capture The Flag (CTF) exercise, involving other company functions beyond Cyber Security.

[130] For subsidiaries, in this case, the following are included: Terna Rete Italia S.p.A., Rete S.r.l., Terna Energy Solutions S.r.l., Terna Forward S.r.l., Terna Plus S.r.l., Terna Interconnector S.r.l., Terna Crna Gora d.o.o.; Avvenia The Energy Innovator S.r.l., Esperia – CC S.r.l.

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- Participation in "CyEX25", the national cyber exercise organised by the National Cybersecurity Agency (ACN), as part of strengthening awareness and incident response capabilities in Cyber Security.

Other operational Cyber Security activities

During the year numerous initiatives were undertaken concerning aspects such as the **design** and **implementation** of **new infrastructure in the cyber security area**, the **preparation of reports** on this issue and the **monitoring** of related **procedures**. An extract of the main initiatives implemented is provided below:

- Initiatives to define security requirements in the life cycle phases of Information Technology (IT) and Operational Technology (OT) systems, components and services;
- Projects aimed at raising the security posture of digital substation;
- Initiatives to develop metrics for monitoring cyber security risks, performance and controls;
- Design, development and implementation of Cyber Perimeter Defence infrastructure to protect the corporate perimeter;
- Vulnerability assessments, penetration tests and red team attack activities are implemented to assess the Cyber Security level of IT and OT systems and internet-exposed systems;
- Projects to ensure the centralised control of Terna's Cyber Security defences and ICT platforms in the Information Technology (IT), Operational Technology (OT) and cloud areas;
- Activities aimed at supporting the operational management, take-over and evolution of Terna's ICT security equipment in the Information Technology (IT), Operational Technology (OT) and cloud areas;
- Coordination of cyber security incident response actions and implementation of notification and escalation procedures to relevant stakeholders;
- Preparation of Cyber Situational Awareness reports on issues of interest to the company;
- Activities falling under the Identity & Access Management process (e.g. Change, offboarding and revocation of digital identities of Terna users);
- Projects aimed at ensuring the monitoring, operation, ordinary and extraordinary maintenance of corporate equipment, systems and applications falling within the cyber and physical security perimeter;
- Activities to manage and develop the infrastructural components of cyber test environments, within which to test solutions in the fields of Information Technology (IT), Operation Technology (OT), Internet of Things (IOT), VPN, Zero Trust, secure navigation and Endpoint Protection;
- Activities of hardware and software upgrades, change management and development of central and peripheral equipment and applications pertaining to the cyber and physical security perimeter, ensuring timely management of vulnerabilities, recovery plans and proper execution of the patch management process.

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Cyber Security Metrics and Targets

MDR-T

Targets of the 2024-2028 Sustainability Plan

As part of the 2024-2028 Sustainability Plan, the Terna Group has defined a specific target to assess the progress with respect to the topic of cyber security, as well as the related impacts and material risks, also with a view to ensuring a clear path towards achieving the targets identified by the thematic policies adopted by the Group and reported on previously. This section provides evidence of the target relating to anti-phishing training campaigns for employees.

Targets of the 2024-2028 Sustainability Plan update - "Creation of shared value" Pillar

TARGET	TARGET BOUNDARY	METRIC AND RELATED UNIT OF MEASUREMENT	VALUE 2025	MILESTONE*			
				2025	2026	2027	2028
Creating a corporate culture on Cyber Security	Terna Group	Number of anti-phishing training campaigns to the company's employees	10	4	8	12	16

** Please note that the data shown for each year up to 2028 is cumulative.*

The above target was defined and set out, for the first time, in the Sustainability Plan update, whose guidelines were shared within the Board Committee on Sustainability Governance and Scenarios and also included in the Industrial Plan approved by the Board of Directors. The base year to be considered for the formulation of targets is, therefore, 2025. In light of 2025 performance, the values shown in the plan curve for this target – originally designed to ensure a minimum threshold of Cyber Security campaigns – will be reviewed during the plan update phase. Note also that the figure shown in the table for 2025 refers only to Group companies operating in electricity transmission and dispatching. Considering all Group companies, the value would be 23. In the presentation of the plan trajectory, annual milestones are expressed on a cumulative basis, with each value indicating the overall planned progress up to the relevant reference year, culminating in the cumulative target of 16 campaigns planned by 2028.

The objective indicated in the table is consistent with the aims stated in the "Information Security Policy - Strategic Guidelines" and in the Terna Group's Integrated Management System Policy with specific reference to the ISO/IEC 27001:2013 standard.

With regard to the process for defining and updating targets, monitoring the related performance, and engaging employees, reference should be made to the section "The strategy – 2024-2028 Sustainability Plan update". Finally, it should be noted that current performance and overperformance levels will be subject to further analysis in order to appropriately update the target trajectory in the next Sustainability Plan.

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MDR-M

CYBER SECURITY METRICS

In order to monitor the effectiveness of the actions taken with regard to cyber security, as well as their contribution to achieving the targets that the Group has set as part of its relevant policies, a measurement metric was defined and is set out and summarised in the table below.

RELEVANT REFERENCE METRICS	2025	2024
Number of Cyber Security Highlights and cyber-themed briefings published	26	36

The "Number of Cyber Security Highlights and Cyber-themed memos published" includes the number of cyber-themed contents (e.g. major events, trends and relevant developments) addressed by the Cyber Security Awareness structure to corporate users with the aim of increasing awareness of cyber security. The 2025 result is in line with the company objective of publishing at least one Cyber Security-related content per month. The trend of this figure is also influenced by alerts regarding malicious campaigns or communications issued as needed by Terna's Computer Emergency Readiness Team (CERT). Note that the data shown in the table refers only to Group companies operating in electricity transmission and dispatching. Considering all Group companies, the 2025 value is 30.

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Certification of Sustainability Statement

pursuant to article 81-*ter*, paragraph 1, of Consob Regulation no. 11971 of 14 May 1999 and subsequent amendments and additions

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Terna

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Certification of Sustainability Statement pursuant to article 81-ter, paragraph 1, of CONSOB Regulation No. 11971 of 14 May 1999, as amended

The undersigned Giuseppina Di Foggia, in her capacity as Chief Executive Officer, and Francesco Beccali, in his capacity as Manager responsible for preparing the financial reporting of Terna S.p.A., hereby certify, pursuant to article *154-bis*, paragraph 5-*ter*, of Legislative Decree No. 58 of February 24, 1998, that the Sustainability Statement included in the Report on Operations has been prepared:

a) in accordance with the reporting standards applied pursuant to Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 and Legislative Decree No. 125 of 6 September 2024;

b) with the specifications adopted in accordance with article 8, paragraph 4, of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020.

Rome, 26 March 2026

Chief Executive Officer

(original signed)

Manager responsible for financial reporting

(original signed)

CERTIFICAZIONI, ACCREDITAMENTI E ATTESTAZIONI SOA

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The independent report on the limited audit of the Consolidated Sustainability Statement 2025

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INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED SUSTAINABILITY STATEMENT PURSUANT TO ARTICLE 14-BIS OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the Shareholders of
Terna S.p.A.

Conclusion

Pursuant to artt. 8 and 18, paragraph 1 of Legislative Decree no. 125 of September 6, 2024 (hereinafter also the "Decree"), we have carried out a limited assurance engagement on the consolidated sustainability statement of the Terna Group (hereinafter also the "Group") for the year ended on December 31, 2025, prepared pursuant to Art. 4 of the Decree, included in the specific section of the management report.

Based on the work performed, nothing has come to our attention that causes us to believe that:

- the consolidated sustainability statement of the Terna Group for the year ended on December 31, 2025 is not prepared, in all material respects, in accordance with the reporting principles adopted by the European Commission pursuant to the Directive (EU) 2013/34/EU (European Sustainability Reporting Standards, hereinafter also "ESRS");

- the information included in the paragraph "*EU Taxonomy*" of the consolidated sustainability statement is not prepared, in all material respects, in accordance with art. 8 of Regulation (EU) No. 852 of June 18, 2020 (hereinafter also the "Taxonomy Regulation").

Basis for conclusion

We conducted the limited assurance engagement in accordance with the assurance standard of the sustainability report - "Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia)". The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the level of assurance that would have been obtained had we performed a reasonable assurance engagement.

Our responsibilities pursuant to that standard are further described in the paragraph *Auditor's responsibilities for the limited assurance of the consolidated sustainability statement* of this report.

We are independent in accordance with the independence and other ethical requirements applicable under Italian law to the limited assurance engagement of the consolidated sustainability statement.

Il nome Deloitte si riferisce a una o più delle seguenti entità: Deloitte Touche Tohmatsu Limited, una società inglese a responsabilità limitata ("DTTL"), le member firm aderenti al suo network e le entità a esse correlate. DTTL e ciascuna delle sue member firm sono entità giuridicamente separate e indipendenti tra loro. DTTL (denominata anche "Deloitte Global") non fornisce servizi ai clienti. Si invita a leggere l'informativa completa relativa alla descrizione della struttura legale di Deloitte Touche Tohmatsu Limited e delle sue member firm all'indirizzo www.deloitte.com/about.

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Our firm applies International Standard on Quality Management (ISQM Italia) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence obtained is sufficient and appropriate to provide a basis for our conclusion.

Responsibility of the Directors and the Board of Statutory Auditors of Terna S.p.A. for the consolidated sustainability statement

The Directors are responsible for developing and implementing the procedures performed to identify the information reported in the consolidated sustainability statement in accordance with the ESRS (hereinafter the "double materiality assessment process") and for disclosing this process in paragraph "Double Materiality" of the consolidated sustainability statement.

The Directors are also responsible for the preparation of the consolidated sustainability statement, which includes the information identified as part of the double materiality assessment process, in accordance with the requirements of Art. 4 of the Decree, including:

- compliance with ESRS
- compliance of the information included in the paragraph "*EU Taxonomy*" with art. 8 of the Taxonomy Regulation.

Such responsibility involves designing, implementing and maintaining, within the terms established by the law, such internal control that the Directors determine necessary to enable the preparation of the consolidated sustainability statement in accordance with the requirements of the art. 4 of the Decree that is free from material misstatements, whether due to fraud or error. Furthermore, the abovementioned responsibility involves the selection and application of appropriate methods in elaborating information and making assumptions and estimates about specific sustainability information that are reasonable in the circumstances.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Inherent limitations in the preparation of the consolidated sustainability statement

In reporting forward looking information in accordance with ESRS, the Directors are required to prepare the forward looking information on the basis of assumptions, as described in the consolidated sustainability statement, regarding events that may occur in the future and possible future actions of the Group, as indicated in the paragraph "General disclosures – Use of estimates". Due to the inherent uncertainty regarding any future event, including whether these events will take place and their extent and timing, the variances between actual outcomes and forward looking information could be significant.

The information provided by the Group regarding Scope 3 emissions is subject to greater inherent limitations compared to those related to Scope 1 and 2 emissions.

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This is due to the lower availability and relative accuracy of the data used to define the information on Scope 3 emissions, both quantitative and qualitative, in relation to the value chain, as further indicated in the paragraph "General disclosures – Use of estimates".

Auditor's responsibilities for the limited assurance of the consolidated sustainability statement

Our objectives are to plan and perform procedures to obtain limited assurance about whether the consolidated sustainability statement is free from material misstatements, whether due to fraud or error, and to issue an assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, could influence the decisions of users taken on the basis of consolidated sustainability statement.

As part of the limited assurance engagement in accordance with the Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia), we exercise professional judgment and maintain professional skepticism throughout the engagement.

Our responsibilities include:

- considering risks to identify and assess the disclosure where a material misstatement is likely to arise, either due to fraud or error;

- designing and performing procedures to verify disclosures in the sustainability statement where material misstatements are likely to arise. The risk of not detecting a material misstatement due to fraud is higher than the risk of not identifying a material misstatement due to error, as fraud may involve collusion, falsifications, intentional omissions, misrepresentations, or the override of internal control;

- the direction, supervision and performance of the limited assurance engagement of the consolidated sustainability statement. We remain solely responsible for the conclusion on the consolidated sustainability statement.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence as the basis for expressing our conclusion.

The procedures performed on the consolidated sustainability statement are based on our professional judgement and included inquiries, primarily with the personnel of the Group responsible for the preparation of information included in the consolidated sustainability statement, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we performed the following main procedures partly in a preliminary phase before year end and then in a final phase up to the date of issuance of this report:

- understanding the business model, the Group's strategies and the context in which the Group operates with reference to sustainability matters;

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- understanding the processes underlying the generation, collection, and management of qualitative and quantitative information included in the consolidated sustainability statement, including an analysis of the reporting perimeter;

- understanding the process carried out by the Group for the identification and evaluation of material impacts, risks and opportunities, based on the principle of double materiality, with reference to sustainability matters;

- identification of the information where a risk of material misstatement is likely to arise, taking into considerations, among others, risk factors related to the generation and collection of the information, to the estimates and to the complexity of the relevant calculation methods, as well as qualitative and quantitative factors related to the nature of such information;

- design and performance of procedures, based on the professional judgment of the auditor of the consolidated sustainability report, to respond to identified risks of material misstatement also with the support of Deloitte network specialists, in particular with reference to specific environmental information;

- understanding of the process set up by the Group to identify eligible economic activities and determine their aligned nature according to the requirements of the Taxonomy Regulation, and verifying the related information included in the consolidated sustainability statement;

- comparison of the information reported in the consolidated sustainability statement with the information included in the consolidated financial statements pursuant to the applicable financial reporting framework, or with the accounting data used for the preparation of the financial statements, or with the management data having an accounting nature;

- verification of the structure and presentation of the information included in the consolidated sustainability statement in accordance with ESRS, including the information related to the materiality assessment process;

- obtaining the representation letter.

DELOITTE & TOUCHE S.p.A.

Signed by
Maria Ginevra De Romanis
Partner

Rome, Italy
April 20, 2026

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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Regulatory framework and other information

Summary of the principal legislative measures

A brief description is provided below of the principal legislation of interest to the Group issued during 2025 and, subsequently, up to the date of preparation of this Annual Report.

- **Decree-Law no. 202 of 27 December 2024 ("DL Milleproroghe") converted by Law no. 15 of 21 February 2025 published in the Official Gazette of 24 February 2025.**
  The decree-law provides for the possibility to continue applying (until 31 December 2025) the execution modalities for the **company annual general meetings** that were envisaged during the COVID emergency, using telecommunication means for holding and attending the Annual General Meeting and the expression of voting by electronic means or by correspondence; it provides for **simplifications regarding Landscape Authorisation**, setting a new deadline (27 August 2026) for the revision of the regulation (Presidential Decree 31/2017) on the identification of interventions excluded from landscape authorisation or subject to simplified landscape authorisation procedures. It also calls for the adoption of a special decree by the MASE [Italian Ministry of Environment and Energy Security] to extend until 14 April 2025 the deadline for **registration to the National Electronic Register for Waste Traceability (RENTRI)** by producers of hazardous and non-hazardous special waste with more than 50 employees. It provides for the extension until 31 March 2025 of the deadline originally set for 31 December 2024 by which companies with registered offices in Italy or abroad, but with a permanent establishment in Italy, are required to take out **insurance contracts** to cover damage to land and buildings, plant and machinery, industrial and commercial equipment, directly caused by natural disasters and catastrophic events occurring in Italy.

- **Decree-Law no. 208 of 31 December 2024 on urgent organisational measures to deal with situations of particular emergency, as well as for the implementation of the National Recovery and Resilience Plan ("DL Emergenze") converted by Law no. 20 of 28 February 2025, published in the Official Gazette of 1 March 2025.**
  The decree-law provides for a **new role for the GSE** establishing that the decree by the MASE (Italian Ministry of Environment and Energy Security) will set out the terms and conditions under which the GSE will assume the role of guarantor of last resort for the mitigation of counterparty default risks in long-term contracts from renewable sources.

- **Decree-Law no. 19 of 28 February 2025 introduces urgent measures to support households and businesses with respect to their purchases of electricity and natural gas as well as for the transparency of retail offers and the strengthening of sanctions by Supervisory Authorities ("DL Bollette"), converted into Law no. 60 of 24 April 2025, published in the Official Gazette on 29 April 2025.**
  The decree-law provides for an **extraordinary contribution to support households** for 2025 on the supply of electricity for domestic customers with an ISEE [Indicator of equivalent economic situation] up to €25,000. It redefines the role of the **company Acquirente Unico** by stipulating that it also performs the function of centralised electricity procurement for vulnerable wholesale customers for subsequent sale to operators providing the vulnerability service. With regard to fringe benefits on company vehicles, continuity is confirmed in the taxation of vehicles made available for both business and private use by employees (pursuant to article 51 of the Italian Income Tax Code – TUIR). In particular, the tax rules in force until 31 December 2024 will continue to apply to: vehicles already assigned for mixed use between 1 July 2020 and 31 December 2024, and vehicles ordered by employers by 31 December 2024 and assigned for mixed use from 1 January 2025 to 30 June 2025.

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- **Law no. 35 of 14 March 2025, known as the Law on the Liability of the Board of Statutory Auditors, published in the Official Gazette on 28 March 2025.**
  The law amends article 2407 of the Italian Civil Code concerning the liability of members of the board of statutory auditors and provides that, except in cases of wilful misconduct, including where statutory auditing is performed by the board itself, auditors who breach their duties are liable for damages caused to the company that appointed them, to its shareholders, creditors, and third parties, up to a multiple of the annual remuneration received, according to defined thresholds. Furthermore, liability actions against auditors become time-barred five years after the financial statements report is filed.

- **Legislative decree no. 43 of 28 March 2025, introducing a revision of excise duty provisions, published in the Official Gazette on 4 April 2025 ("Leg. Decree Accise").**
  This legislative decree amends the Consolidated Excise Act (Legislative Decree no. 504/1995) to introduce new taxation mechanisms and revise certain duty amounts. Notably, it introduces a provision requiring entities that engage in electricity transmission and distribution to notify the Customs and Monopolies Agency upon commencement of activity.

- **Decree-Law no. 39 of 31 March 2025, containing urgent measures on catastrophe risk insurance ("DL Polizze rischi catastrofali"), converted into Law no. 78 of 27 May 2025, published in the Official Gazette on 30 May 2025.**
  The decree-law establishes that catastrophe insurance policies may include a deductible or excess of no more than 15% of the damage. However, this limit does not apply to large enterprises (and their subsidiaries and associates) provided they adopt a group-wide global insurance programme and, at the reporting date, jointly meet the revenue and employee thresholds identified in the implementing decree issued by the Ministry of the Economy and Finance (MEF).

- **Decree-Law no. 25 of 14 March 2025, containing urgent provisions on the recruitment and operation of public administrations ("DL PA"), converted into Law no. 69 of 13 May 2025, published in the Official Gazette on 13 May 2025.**
  The decree-law provides that until 31 December 2026, the decision-making conference of services under Article 14, paragraph 2, of Law no. 241/1990 will be conducted through the simplified and asynchronous conference mechanism provided for in article 14-bis of the same law. It also establishes a new TUF Control Room, chaired by the MEF and composed of representatives from other ministries as well as IVASS, the Bank of Italy, CONSOB, and the Finance Police. Among its responsibilities is the exercise of the delegated authority for the comprehensive reform of capital market regulations under the Consolidated Law on Finance (TUF).

- **Law no. 40 of 18 March 2025 ("Legge quadro in materia di ricostruzione post-calamità"), published in the Official Gazette on 1 April 2025.**
  The law governs the coordination of procedures and activities related to reconstruction in areas affected by natural or man-made disasters for which a national state of emergency has ended or been revoked, and where the conditions exist for the declaration of a national-level reconstruction phase.

- **Decree-Law no. 48 of 11 April 2025, containing urgent provisions on public security, the protection of service personnel, victims of usury, and the prison system ("DL Sicurezza"), converted into Law no. 80 of 9 June 2025, published in the Official Gazette on 9 June 2025.**
  The decree-law establishes that in the implementation of works on the National electricity Transmission Grid, particular importance is attached to measures to counter violent actions aimed at obstructing Terna personnel working on construction sites, as such actions may have a deterrent effect on project progress. The Criminal Code is amended to introduce aggravating circumstances for offences involving violence or threats against public officials, where such acts are committed to prevent the construction of energy infrastructure. A new criminal offence is also introduced for individuals who procure or possess materials containing instructions on how to sabotage essential public services for terrorist purposes (including when such acts are aimed at a foreign state, institution, or international organisation).

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- **Decree-Law no. 55 of 23 April, containing urgent provisions on IRPEF advance payments due for 2025 ("DL Acconti"), converted into Law no. 86 of 19 June 2025, published in the Official Gazette on 21 June 2025.**
  The decree-law confirms that employees and pensioners without additional income will not be required to pay any IRPEF advance for 2025. It also introduces coordination provisions between Legislative Decree 216/2023, which implemented the tax reform mandate and reduced IRPEF brackets from four to three for 2024 only, and the 2025 Budget Law, which made this reduction permanent.

- **Decree-Law no. 73 of 21 May 2025, containing urgent measures to ensure continuity in the development of strategic infrastructure and the management of public contracts, the proper functioning of rail and road transport systems, the orderly administration of port and maritime state property, and the implementation of essential obligations related to the National recovery and resilience plan and Italy's participation in EU infrastructure and transport policies ("DL Infrastrutture"), converted into Law no. 105 of 18 July 2025, published in the Official Gazette on 19 July 2025.**
  The decree-law provides that Regional Plans for the identification of onshore acceleration zones for RES plants are to be adopted based on areas deemed eligible by law, rather than on areas identified through specific regional provisions. Regions must identify acceleration zones for renewable energy plants in a Plan to be submitted for Strategic Environmental Assessment (SEA) by 31 August 2025, pending the final identification of suitable areas. Furthermore, industrial areas, as defined by regional, supra-municipal or municipal planning instruments, however named, falling within the areas mapped by GSE, to be published by 21 May 2025, are automatically considered acceleration zones. The decree also stipulates that acceleration zones will benefit from simplified administrative procedures for project authorisation.

- **Legislative Decree no. 81 of 12 June 2025 containing supplementary and corrective provisions on tax compliance, two-year composition agreement, tax justice and tax penalties, published in the Official Gazette of 12 June 2025 ("Leg. Decree Adempimenti tributari").**
  The decree introduces amendments to the rules on **tax litigation**, particularly regarding the conduct of hearings before the tax justice courts. With regard to the **charging of electric vehicles** via charging stations, the decree provides that within 180 days of its entry into force, the Director of the Revenue Agency shall issue a measure specifying the information to be submitted, the technical rules, and the deadlines for electronic storage and transmission of daily transaction data, as well as the methods to ensure data security and immutability. In the area of **State aid**, the decree includes a provision stating that recovery notices and tax assessments concerning the recovery of *"Amounts related to tax measures constituting State aid and de minimis aid not subject to the issuance of a formal granting decision, or subject to the issuance of a granting or authorisation decision, however named, whose amount cannot be determined in those decisions but only following the submission of the relevant tax return in which they are declared (…), must be notified, under penalty of expiry, by 31 December of the eighth year following the year in which they were received, used or misused."*

- **Law no. 91 of 13 June 2025, delegating powers to the Government for the transposition of EU directives and the implementation of other EU acts ("Legge di delegazione europea 2024"), published in the Official Gazette on 25 June 2025.**
  The law grants the Government the power to transpose, by means of legislative decree, a number of directives, including Directive (EU) no.2023/1791 on energy efficiency, which amends Regulation (EU) 2023/955; Directive (EU) no. 2023/2413, which amends Directive (EU) no. 2018/2001 with regard to the promotion of energy from renewable sources (RED III); Directive (EU) no. 2024/1711, which amends Directives (EU) nos. 2018/2001 and 2019/944 with regard to the improvement of the EU electricity market design (Market Design Directive). In addition, for Regulation (EU) 2023/2631 on European Green Bonds (EU GBS), the Government must adopt, within eight months of its entry into force, one or more legislative decrees to adapt national legislation on green bonds and voluntary disclosures for sustainability-linked bonds. CONSOB is designated as the national competent authority for supervising the new European green bond framework.

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- **Decree-Law no. 84 of 17 June 2025 containing urgent tax measures ("DL Fiscale"), converted into Law no. 108 of 30 July 2025, published in the Official Gazette on 1 August 2025.**
  The decree-law introduces several simplification measures for calculating self-employment income, including the deductibility of travel, meal and accommodation expenses incurred abroad, even when paid using non-traceable methods. As with companies, the deductibility of representation expenses remains conditional on payment via traceable means, both in Italy and abroad. The decree also provides for the end of the split payment mechanism for listed companies starting 1 July 2025. For the 2025 tax year, the payment deadlines for the first IRPEF advance (2025) and the 2024 balance are postponed from 30 June to 21 July 2025, and to 20 August 2025, with a 0.4% surcharge, for ISA and flat-rate taxpayers.

- **Decree-Law no. 95 of 30 June 2025, containing urgent measures for financing economic activities and businesses, as well as social measures and provisions on infrastructure, transport and local authorities ("DL Economia"), converted into Law no. 184 of 8 August 2025, published in the Official Gazette on 9 August 2025.**
  The decree introduces provisions to allow the use of the Fund for the Launch of Non-Deferrable Projects for interventions which, according to the competent authorities, are no longer financed under the NRRP. It also provides for incentives for working mothers and measures to support institutional investments in venture capital. It establishes rules on corporate matters, particularly with regard to clarifications on the regulation of transactions with related parties, and on the ineligibility of statutory auditors when government shareholders are present. A specific provision on transactions with related parties clarifies that, for the purposes of article 2391-bis of the Italian Civil Code, there are no correlation relationships between public administrations that do not exercise management and coordination powers, and the companies indirectly owned by the latter. It should be noted that the term "company" refers exclusively to entities other than the government and public administrations that hold an equity investment as part of their business activities or for economic or financial purposes.

- **Decree-Law no. 116 of 8 August 2025, containing urgent provisions for combating illegal waste activities, for the reclamation of Terra dei Fuochi (land of fires area in Campania/Southern Italy) and for assistance to the population affected by disaster ("DL Terra dei Fuochi"), converted into Law no. 147 of 3 October 2025, published in the Official Gazette on 3 October 2025.**
  The decree-law amends the Environmental act (Leg. Decree 152/2006), the Criminal Code and Legislative Decree 231/2001 on the administrative liability of entities.

- **Law no. 120 of 8 August 2025 amending Law no. 111 of 9 August 2023 delegating powers to the Government for tax reform, published in the Official Gazette on 9 August 2025.**
  The law extends the deadline for delegating powers to the Government to implement the tax reform from 24 to 36 months and to 31 December 2026 for the organic reorganisation of the provisions governing the tax system through consolidated acts.

- **Law no. 144 of 26 September 2025, delegating powers to the Government on workers' remuneration and collective bargaining as well as control and information procedures for reducing working hours, ("Ddl Salario Minimo") published in the Official Gazette on 3 October 2025.**
  The law provides for two separate delegations of power to be adopted within six months of its entry into force, through the adoption of specific legislative decrees proposed by the Ministry of Labour and Social Policies, in agreement with the MEF, regarding workers' remuneration and collective bargaining, as well as controls and information on these matters.

- **Legislative Decree no. 160 of 15 October 2025 implementing Directive (EU) 2022/2555 on measures for a high common level of cyber security across the Union ("NIS 2 Directive"), published in the Official Journal on 20 October 2025.**
  The decree introduces enhanced obligations for the management of cyber security risks for "essential services", including electricity sector operators. It requires the adoption of appropriate technical and operational measures to manage the risk of incidents affecting the security of networks and information systems and requires the administrative and control bodies to take direct responsibility for supervising these measures, as well as tightening the penalty system and notification obligations.

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- **Decree-Law no. 156 of 29 October 2025 on urgent measures on economic matters ("DL Anticipi"), converted into Law no. 191 of 18 December 2025, published in the Official Gazette on 19 December 2026.**
  The law implements provisions relating to infrastructure and investment, aligning procedural schedules with the financial objectives of the national investment plan, which is complementary to the National Recovery and Resilience Plan (NRRP). It specifies that the final objectives identified in procedural schedules must be achieved by 31 December 2026 at the latest, otherwise funds would be revoked. If the deadline falls after 31 December 2026, the final objectives must be achieved by 31 December of the last year in which the relevant funds are recognised in government financial statements. It also supports the XXV Olympic Winter Games and the XIV Paralympic Winter Games Milano-Cortina 2026, by increasing funds and inserting provisions for anti-doping controls. Furthermore, the measures for young people, university training, innovation and digitalisation are refinanced, and resources for the Fund for Technological Innovation and Digitalisation are increased.

- **Law no. 167 of 10 November 2025, implementing "Measures for regulatory simplification and improvement of the quality of standardisation and delegation of powers to the Government for simplification and reorganisation of certain matters", published in the Official Gazette on 14 November 2025.**
  The law implements rules on gender statistics and equal opportunities. It also requires the Government, by 30 June each year, to submit a bill to the Italian chambers of parliament, known as the "Annual regulatory simplification act", which delegates legislative powers for the simplification of certain matters.

- **Law no. 171 of 18 November 2025, implementing "Measures to relaunch the economy of the Marche and Umbria regions", published in the Official Gazette on 19 November 2025.**
  The law extends the Single Economic Zone to the Marche and Umbria regions and sets out rules for updating the strategic plan to promote investment in these areas.

- **Decree-Law no. 175 of 21 November 2025 on urgent measures regarding the 5.0 Transition Plan and the production of energy from renewable sources. ("Transizione 5.0 e Produzione di energia da fonti rinnovabili") converted into Law no. 4 of 15 January 2026, published in the Official Gazette on 20 January 2026.**
  The law introduces significant changes to the regulation of suitable areas and the authorisation framework, incorporating them into the scope of the Consolidated Law on Renewable Sources (Legislative Decree no. 190/2024). It establishes *ope legis* suitable areas pursuant to article 11 bis of Legislative Decree no. 194/2024, and requires the regions to identify suitable areas in addition to those initially identified.

- **Legislative Decree no. 178/2025, implementing supplementary and corrective provisions to Legislative Decree no. 190 of 25 November 2024 ("Testo Unico FER") published in the Official Gazette on 26 November 2025.**
  The decree extends the procedural simplifications provided for RES plants to storage plants. It introduces specific definitions of "connected infrastructure" and "essential infrastructure" and application of the principle of prevailing public interest for projects in suitable areas and acceleration zones. Furthermore, it regulates expropriations for public utility in relation to "connected infrastructure" as part of the single authorisation procedure, shortens procedural deadlines for authorisations of RES/storage plants and ensures the interoperability of the SUER (one-stop shop for renewable energy) platform with all operational IT tools at domestic, regional, provincial and municipal levels for renewable energy plants.

- **Legislative Decree no. 184 of 27 November 2025, implementing the "Incentive Code", published in the Official Gazette on 10 December 2025.**
  The decree implements delegated law no. 160/2023, which revises the system of incentives for companies. It defines the general principles that regulate administrative procedures concerning interventions that provide companies with relevant benefits, and it contains provisions for the use of technical instruments.

- **Law no. 190 of 18 December 2025 - "Annual market and competition law 2025", published in the Official Gazette on 19 December 2026.**
  The law contains provisions on electric charging stations, stipulating that they are structured in such a way as to promote competition between operators during assignment procedures and encourage the presence of multiple parties active in the management of charging infrastructures in the municipal territory, on equal terms. In addition,

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when considering authorisation requests with comparable characteristics, the municipality prioritises applications from entities that hold less than 40% of the total charging infrastructure installed or authorised for installation within its territory.

- **Law no. 198 of 29 December 2025, converting into law, with amendments, decree-law no. 159 of 31 October 2025, on urgent measures for the protection of occupational health and safety and in the field of civil protection, published in the Official Gazette on 30 December 2025.**
  The law stipulates that directors of companies organised as corporations must provide their digital address (PEC) to the company registrar. Furthermore, the digital domicile of the directors shall not coincide with the digital domicile of the company. Companies already registered with the company register must provide the digital domicile of their directors by 31 December 2025, or at the time of appointment or renewal.

- **Law no. 199 of 30 December 2025 on the "State Budget for the financial year 2026 and the multi-year budget for the three-year period 2026-2028", published in the Official Gazette on 30 December 2025.**
  The law regulates dividends and profits received by companies. From 1 January 2026, a minimum direct investment threshold of 5% in the company will be required for certain tax rules to apply, including tax exemption and recognition of indirect investments through subsidiaries, pursuant to Article 2359, first paragraph, number 1) of the Italian Civil Code (companies in which another company holds the majority of votes at ordinary shareholders' meetings). Furthermore, profits distributed by companies and entities resident in Italy shall not form part of the recipient's annual income, as 95% of the amount is excluded. This applies only if the recipient holds a direct investment of at least 5%, or a tax value of at least €500 thousand. Therefore, the provision ensures that the 95% exemption remains valid only for direct and indirect investments that exceed 5% of the capital.

- **Decree-Law no. 200 of 31 December 2025 on "Urgent provisions on regulatory deadlines" ("Decreto Milleproroghe"), converted into Law no. 26 of 27 February 2026, published in the Official Gazette of 28 February 2026.**
  The law extends the period available to supplement the regulations for identifying interventions excluded from landscape authorisation or subject to a simplified authorisation procedure. It postpones the entry into force of the consolidated acts on the tax reform until 1 January 2027; it postpones the deadline for holding meetings of companies and entities with the special procedures introduced in 2020 until 30 September 2026; it postpones the deadline for Consob to adopt measures aimed at containing the supervisory fees due by supervised entities until 31 December 2027; and it allows the waste identification form to continue to be issued in paper format until 15 September 2026.

- **Legislative Decree no. 3 of 7 January 2026 implementing Directive (EU) no. 2024/1711, amending Directives (EU) no. 2018/2001 and (EU) no. 2019/944 as regards improving the Union's electricity market design, published in the Official Gazette on 9 January 2026.**
  The decree introduces, inter alia, the new mechanism of flexible connection to the grid, the regulation of energy sharing and the separation in the bill, granting Terna a direct operational role in the management of information flows, as well as the right for end customers with fixed-price contracts to actively participate in flexibility markets.

- **Legislative Decree no. 5 of 9 January 2026 implementing Directive (EU) no. 2023/2413 of the European Parliament and of the Council of 18 October 2023 amending Directive (EU) no. 2018/2001, Regulation (EU) 2018/1999 and Directive no. 98/70/EC as regards the promotion of energy from renewable sources, and repealing Council Directive (EU) no. 2015/652, published in the Official Gazette on 20 January 2026.**
  The decree amends, inter alia, Legislative Decree no. 79/1999 implementing Directive no. 96/92/EC concerning common rules for the internal market in electricity, in particular art. 3 **"Operator of the national transmission grid"** by providing that ARERA, within 180 days of the entry into force of the provision, adopts the criteria and

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methods based on which the national transmission grid operator makes available, in relation to the electricity supplied in each supply area, **information on the share of electricity from renewable sources**. Within 120 days of the aforementioned publication, the criteria and methods based on which the national transmission grid operator makes information on the greenhouse gas emissions content of the electricity supplied in each supply area available are regulated by MASE (Ministry of the Environment and Energy Security) decree, also in collaboration with ISPRA. The defined criteria and methods ensure that the transmission grid operator makes the information available as accurately as possible, at intervals corresponding to the market regulation frequency but no more frequently than once an hour. Where available, forecasts are included. This ensures interoperability on the basis of harmonised data formats and standardised data sets, enabling non-discriminatory use by electricity market participants, aggregators, consumers and end users, and enabling electronic communication devices to read the information.

- **Law no. 4 of 15 January 2026, implementing "Conversion into law, with amendments, of Decree-Law no. 175 of 21 November 2025, on urgent measures regarding the 5.0 Transition Plan and the production of energy from renewable sources", published in the Official Gazette on 20 January 2026.**
  The law amends the Golden Power legislation, stipulating that special powers may only be exercised in transactions within the financial sector (including the credit and insurance segments) after the relevant European authorities have expressed their opinion. It also states that national economic and financial security must be among the criteria that the government must consider when exercising special powers. Firstly, it specifies that the veto can be issued by the Italian President of the Council of Ministers in the event of resolutions, acts and transactions that pose an exceptional threat to public interests, which are not covered by sector national or European legislation, including legislation on the prudential evaluation of acquisitions of qualified investments in the financial sector, as well as legislation on the control of business concentrations.

- **Decree-Law no. 19 of 19 February 2026, implementing further urgent provisions for the implementation of the National Recovery and Resilience Plan (NRRP) and on cohesion policies ("DL PNRR"), published in the Official Gazette on 20 February 2026.**
  The decree-law introduces several measures, including strengthening the simplified services conference mechanism as an ordinary tool for accelerating administrative procedures for the implementation of NRRP interventions, promoting greater procedural flexibility. The administrations involved shall provide the related opinions within thirty days at the latest. If any of the following administrations are involved: environmental, landscape-territorial, cultural heritage, health or public safety, the aforementioned deadline is set at forty-five days. The timeframe within which the respective administration can arrange for a service conference to be held simultaneously and synchronously in cases of particular complexity is reduced from forty-five to thirty days. Furthermore, this timeframe is reduced from ninety to sixty days if the administrations responsible for environmental protection, landscape and territorial planning, cultural heritage protection and public health are involved.

- **Decree-Law no. 21 of 20 February 2026, implementing urgent measures to reduce the cost of electricity and gas for households and businesses, improve business competitiveness and decarbonise industries, and containing urgent provisions to resolve the virtual saturation of electricity grids and integrate data processing centres into the electricity system ("DL Energia"), published in the Official Gazette on 20 February 2026.**
  The decree-law provides for a two-percentage-point increase in IRAP for companies in the energy sector. This measure is intended to contribute to the financing of energy cost-containment measures and is applied selectively to the parties identified in the ATECO codes shown in the table attached to the decree, including, inter alia, electricity production, transmission and distribution. The decree also introduces specific provisions to address the virtual saturation of electricity grids, with the aim of promoting the efficient use of existing infrastructure. It also includes provisions to establish a single procedure for issuing authorisations to data centres and their related utility connection networks to the National Electricity System, regardless of nominal voltage.

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Resolutions of the Italian Regulatory Authority for Energy, Networks and the Environment

A list is provided below of the principal resolutions adopted by Italy's Regulatory Authority for Energy, Networks and the Environment (ARERA) during 2025 and, subsequently, up to the date of preparation of this Annual Report.

ARERA determinations on the remuneration of transmission and dispatching services

Resolution 128/2025/R/eel - Provisions relating to the lack of electricity generation from non-programmable renewable source plants due to extraordinary downward modulation measures implemented by Terna S.p.A.. Initial provisions regarding the calculation of producibility for the purposes of implementing the Ministerial Decree of 30 December 2024.

Resolution 130/2025/R/com - Revision of the capital cost revaluation criteria for infrastructure services in the electricity and gas sectors. Definition of common parameters for services subject to ROSS regulation.

Resolution 313/2025/R/eel - Recognition of incentives to Terna S.p.A. pursuant to resolution 597/2021/R/eel for 2024.

Resolution 390/2025/R/com - Provisions for adjusting specific ROSS-based regulatory mechanisms, and the experimental introduction of regulatory instruments to develop regulation towards full ROSS. Amendments to TIROSS (integrated text of regulation for expenditure and service objective) and to resolution 497/2023/R/com.

Resolution 420/2025/R/eel - Determination of the premium for obtaining government contributions for infrastructure intervention implementation relating to the electricity transmission service in 2024.

Resolution 440/2025/R/eel - Determination of premiums for the construction of transmission capacity between areas of the electricity transmission grid and for the efficiency of the related investments in 2024.

Resolution 441/2025/R/eel - Determination of economic items relating to the quality of the electricity transmission service for 2024.

Resolution 476/2025/R/com - Verification of the activation of the rate of return on capital trigger mechanism for 2026.

Resolution 558/2025/R/eel - Recognition of the costs incurred by Terna S.p.A. for market monitoring activities in the 2024 financial statements and the 2026 budget.

Resolution 573/2025/R/eel - Determination of the reference revenue of the transmission and dispatching service and electricity transmission tariffs for 2026. Approval of 2024 admitted revenue for the transmission and dispatching service. Changes to RTTE (tariff regulation for transmission and dispatching services) and ROTE (output-based regulation of the transmission service).

Resolution 587/2025/R/eel - From 1 January 2026, update of the unit fee to cover the costs paid for Terna S.p.A.'s operations for dispatching purposes and the costs of essential facilities under the cost reimbursement regime.

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ARERA determinations on the provision of transmission and dispatching services

Opinion 4/2025/I/eel - Assessment of the outline of the 2023 10-year National Transmission Grid development plan.

Resolution 35/2025/R/eel - Approval of the probabilistic dimensioning methodology for the Frequency Containment Reserve (FCR) for the Continental Europe synchronous area, pursuant to article 153 of Regulation (EU) 2017/1485.

Resolution 40/2025/R/eel - Functional provisions for the initial implementation within the Integrated Information System (SII) of the new electricity settlement regulation, as set out in ARERA Resolution 325/2024/R/eel.

Resolution 121/2025/R/eel - Instructions to Terna S.p.A. regarding the execution procedures for foreign procurement contracts, pursuant to article 32, paragraph 6 of Law no. 99/09.

Resolution 166/2025/R/eel - Compliance review of proposed amendments to Annexes A.7 and A.73 of the Grid Transmission, Dispatching, Development and Security Code regarding the remuneration of electricity supplied as Frequency Containment Reserve.

Resolution 209/2025/R/eel - Compliance review of proposed updates to Terna S.p.A.'s Grid Transmission, Dispatching, Development and Security Code regarding the technical connection rules to the National Transmission Grid.

Resolution 227/2025/R/eel - Amendments to the Integrated Electricity Dispatching Act (TIDE) to support the launch of the consolidation phase and implementation of the transitional RES X decree.

Resolution 242/2025/R/eel - Compliance review of the proposed new Annex A.81 to the Grid Transmission, Dispatching, Development and Security Code on technical requirements for frequency regulation and redispatching by enabled virtual units.

Resolution 314/2025/R/eel - Compliance check of the proposed amendments to the Grid Transmission, Dispatching, Development and Security Code on guarantees.

Resolution 315/2025/R/eel - Compliance check of the proposed amendments to the Grid Transmission, Dispatching, Development and Security Code regarding dispatching contracts.

Resolution 338/2025/R/eel - Long-term transmission rights pursuant to Article 30 of Regulation (EU) 2016/1719. Four-year update.

Resolution 340/2025/E/eel - Notice to comply with the requirements provided for by Resolution 540/2021/R/eel on the regulation of data exchange between Terna S.p.A., distribution companies and significant grid users, for the safe operation of the National Electricity System.

Resolution 362/2025/R/eel - Maximum premium for the first auction of the term supply mechanism for electricity storage capacity and methods to cover the costs related to the performance of the activities referred to in Article 3 of Ministerial Decree no. 346 of 10 October 2024.

Resolution 364/2025/R/eel - Compliance check of the proposed amendments to the Grid Transmission, Dispatching, Development and Security Code functional to the implementation of the Integrated Electricity Dispatching Act (TIDE) and to the reconnection to the Platform for the International Coordination of Automated Frequency Restoration and Stable System Operation (PICASSO) to exchange balancing energy from automatic Frequency Restoration Reserves (aFRR).

Resolution 365/2025/R/eel - Compliance check of the changes to the national restoration plan and extension of the reward mechanism referred to in Resolution 324/2020/R/eel.

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Resolution 366/2025/R/eel - Determination of parameters and objectives for the incentive mechanism for the output of the electricity transmission service, relating to the creation of inter-zonal transmission capacity for the period 2025-2027.

Resolution 385/2025/R/eel - Compliance check of the amendments to Annex A.72 to the Terna S.p.A. Grid Code and definition of further interventions for distributed generation systems to ensure the safety of the National Electricity System.

Opinion 391/2025/I/eel - Assessment of the outline of the 2025 10-year National Transmission Grid development plan.

Resolution 423/2025/R/eel - Approval of the proposed amendments to the Terna Grid Transmission, Dispatching, Development and Security Code, relating to the beginning of participation in the European platform for the exchange of balancing energy from manual Frequency Restoration Reserves (mFRR).

Resolution 430/2025/R/eel - Postponement of the entry into force of the provisions referred to in Resolutions 325/2024/R/eel and 40/2025/R/eel, relating to the new electricity settlement and grid losses regulation and extension of current applicable regulation.

Resolution 454/2025/R/eel - Decisions about essential facilities. Amendments and additions to the relevant regulations.

Resolution 466/2025/R/eel - Compliance check of the proposed new Annex A.83 to the Grid Transmission, Dispatching, Development and Security Code concerning the supply of the frequency containment reserve.

Resolution 468/2025/R/eel - Checking Terna S.p.A.'s contractual obligations regarding the European balancing platforms, established pursuant to Regulation (EU) 2017/2195.

Resolution 482/2025/R/eel - Approval of Terna S.p.A.'s proposal for the implementation of the competitive procedures for the allocation of hedging instruments against the risk of volatility of the transportation capacity allocation fee, for 2026.

Resolution 506/2025/R/eel - Provisions on essential facilities for 2026. Amendments and additions to Resolution 111/06.

Resolution 517/2025/R/eel - Approval of the rules for the allocation of long-term and daily transmission rights on the border with Montenegro, valid from 2026.

Resolution 564/2025/R/eel - Extension of the terms referred to in Resolution 385/2025/R/eel on interventions for distributed generation systems to ensure the safety of the National Electricity System. Definition of new tools to ensure the safety of the National Electricity System in spring 2026 and spring 2027.

Resolution 566/2025/R/eel - Compliance check of the proposed amendments to the Grid Transmission, Dispatching, Development and Security Code functional to the implementation of the TIDE consolidation phase. Provisions regarding commercial withdrawal units.

Resolution 569/2025/R/eel - Compliance check of Terna S.p.A.'s proposed amendments to the capacity market regulations and related technical operating provisions.

Resolution 8/2026/R/eel - Regulatory compliance check of the agreement between Terna S.p.A. and Acquirente Unico S.p.A. under the TIDE.

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Resolution 12/2026/R/eel - Approval of the regulation governing the withdrawal modulation service.

Resolution 23/2026/E/eel - Functional enforcement mechanisms to ensure the application of the RIGEDI (distributed generation reduction) procedure, approved by Resolution 421/2014/R/eel, for the safe operation of the National Electricity System.

Resolution 51/2026/R/eel - Regulatory compliance check of the proposed amendments to the Grid Transmission, Dispatching, Development and Security Code functional to the start of the market supply of the Frequency Containment Reserve.

Resolution 58/2026/R/eel - Reform of the process for changing electricity suppliers.

For more information on the aforementioned resolutions as well as on other resolutions adopted by ARERA, reference should be made to the website www.arera.it.

Relations with public decision-makers - Main activities in 2025

On 22 January 2025, Terna participated in a hearing before the Transport Committee of the Chamber of Deputies as part of the examination of the proposed legislation delegating powers to the Government for the regulation of data processing centres.

On 10 February 2025, Terna sent a written brief to the Joint Environment and Production Activities Committees of the Chamber of Deputies, as part of an investigation into the role of nuclear energy in the energy transition and decarbonisation processes.

On 26 May 2025, Terna gave evidence at an informal hearing before the Senate Environment Committee as part of the examination of the bill containing provisions on the safety of underwater activities. A similar hearing was held by the Transport Committee of the Chamber of Deputies on 21 October 2025.

In June 2025, Terna responded to a consultation launched by the Mission Structure for the Policies of the Sea of the Italian Presidency of the Council of Ministers, in order to incorporate inputs on safety and maritime spaces when preparing the Sea Plan 2026-2028.

On 2 July 2025, Terna sent a written brief to the Production Activities Committee of the Chamber of Deputies on the European Commission's communication Clean Industrial Deal: a joint roadmap for competitiveness and decarbonisation.

On 16 August 2025, Terna responded to the Ministry of Enterprises and Made in Italy's public consultation on the strategy for the attraction of foreign industrial investments in data centers in Italy.

On 3 November 2025, Terna sent a written brief to the Joint Environment and Production Activities Committees of the Chamber of Deputies concerning the examination of the draft legislative decree implementing Directive (EU) no. 2023/2413. This directive amends Directive (EU) no. 2018/2001, Regulation (EU) no. 2018/1999 and Directive (EU) no. 98/70/EC in respect of the promotion of energy from renewable sources. The directive also repeals Directive (EU) no. 2015/652 and the draft legislative decree concerning supplementary and corrective provisions to Legislative Decree no. 190 of 25 November 2024 which governs the administrative regimes for the production of energy from renewable sources.

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On 25 November 2025, Terna participated in a hearing before the Senate Environment Committee on the draft legislative decree implementing Directives (EU) nos. 2024/1711, 2018/2001 and 2019/944, which aim to improve the structure of the EU electricity market.

On 26 November 2025, Terna gave evidence at a hearing held by the Defence Committee of the Chamber of Deputies as part of an investigation into national security and emerging defence challenges.

Other information

Additional information is presented below in accordance with specific statutory or industry requirements.

Treasury shares

At 31 December 2025, the Parent Company held a total of 4,294,627 treasury shares (equal to 0.214% of share capital).

The aforementioned total number of shares held by the Company is the sum of the purchases made in implementation of six separate Share buyback programmes to respectively service the:

(i) 2020-2023 Performance Share Plan, in the period between 29 June 2020 and 6 August 2020;

(ii) 2021-2025 Performance Share Plan, in the period between 31 May 2021 and 23 June 2021;

(iii) 2022-2026 Performance Share Plan, in the period between 27 May 2022 and 9 June 2022;

(iv) 2023-2027 Performance Share Plan, in the period between 22 June 2023 and 6 July 2023;

(v) 2024-2028 Performance Share Plan, in the period between 4 September 2024 and 20 September 2024;

(vi) 2025-2029 Performance Share Plan, in the period between 8 September 2025 and 16 September 2025[131],

net of: (a) 1,079,860 treasury shares allocated by the Company in the period between 9 May 2023 and 1 June 2023 to the beneficiaries of the 2020-2023 Performance Share Plan; (b) 1,060,240 treasury shares allocated by the Company in the period between 10 May 2024 and 3 June 2024 to the beneficiaries of the 2021-2025 Performance Share Plan and (c) 917,720 treasury shares allocated by the Company between 21 May 2025 and 3 June 2025 to the beneficiaries of the 2022–2026 Performance Share Plan.

The Company does not hold any additional treasury shares other than those purchased under the above programmes, including through subsidiaries.

The Parent Company does not directly or indirectly hold any shares in CDP Reti S.p.A. or Cassa Depositi e Prestiti S.p.A., nor has it purchased or sold any such shares during 2025.

[131] In this respect, see the press releases of 10 August 2020, 28 June 2021, 13 June 2022, 10 July 2023, 23 September 2024 and 22 September 2025 available at the following links:
https://download.terna.it/terna/2020.08.06_CS%20TERNA%20operazioni%20su%20azioni%20proprie%20CHIUSURA%20ENG_8d83d43b5fabf4d.pdf
https://download.terna.it/terna/Terna_notification_share_buy_back_end_program_8d93a670d6933f8.pdf
https://download.terna.it/terna/Terna_closing_programme_share_buy_back_8da4d59b6327fb0.pdf
https://download.terna.it/terna/Terna_closing_programme_share_buy_back_8db81778c0ced98.pdf
https://download.terna.it/terna/Terna_closing_programme_share_buy_back_2024_8dcdc02c9b813eb.pdf
https://download.terna.it/terna/Terna_closing_share_buyback_programme_2025_8ddf9f61925956b.pdf

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Related party transactions

Given that Terna S.p.A. is subject to the de facto control of Cassa Depositi e Prestiti S.p.A., a situation ascertained in 2007, related party transactions entered into by Terna during 2025 include transactions with associates and employee pension funds (Fondenel and Fopen), as well as transactions with Cassa Depositi e Prestiti itself, with CDP Reti S.p.A. and with the companies directly or indirectly controlled by the Ministry of the Economy and Finance ("MEF").

Transactions carried out with related parties during 2025 substantially consisted of services in the ordinary course of business and settled on market terms, as set out in the Consolidated and Separate Financial Statements as at 31 December 2025[56].

The procedural rules adopted by the Parent Company ensure that such transactions are carried out in compliance with the criteria of procedural and substantive propriety and under the same conditions that would apply to independent counterparties and in accordance with the rules on transparency of information to the market and in implementation of Consob's regulatory provisions[57].

In this respect, the Company entered into three loan agreements guaranteed by SACE under the Archimede Guarantee worth more than €1 billion on 10 July 2025 (see Terna S.p.A. press release of 10 July 2025). As disclosed in the press release dated 12 July 2025, the guarantees for funding the rollout of the Adriatic Link, when considered cumulatively, qualify as of greater importance, and were deemed excluded from the related parties procedure as they are ordinary transactions carried out at market or standard conditions pursuant to art. 13 of Consob Regulation.

Information on ownership structures

The information required by Article 123-bis "Report on Corporate Governance and Ownership Structures" of the Consolidated Law on Financial Intermediation (Legislative Decree no. 58 of 24 February 1998) is included in a separate report approved by Terna's Board of Directors ("Report on Corporate Governance and Ownership Structures" for the year 2025), which can be found on Terna S.p.A.'s website (www.terna.it - in the section "Governance-Corporate Governance System/Corporate Governance Report").

[132] The relations with the members of the Parent Company's Board of Statutory Auditors, with particular reference to their remuneration, are reported in the note to the item "Services" in the notes to the Consolidated and Separate financial statements at 31 December 2025, to which reference should be made. Moreover, in implementation of the applicable regulations in force (see Consob Resolutions no. 18049 of 23 December 2011 and no. 21623 of 10 December 2020), the information on the remuneration of the "members of the governing and control bodies, general managers", as well as on the investments held by them, as well as of the other persons envisaged by law, is included in the Report on the Remuneration Policy and Remuneration Paid published within the terms of the law.

[133] See the Regulation containing provisions on transactions with related parties adopted by Consob Resolution no. 17221 of 12 March 2010, as amended.

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Certifications pursuant to article 2.6.2, paragraphs 7 and 8, of the Rules of Markets organised and managed by Borsa Italiana S.p.A. as to the conditions set forth in articles 15 and 16 of the Consob Market Rules (No. 20249 of 28 December 2017 in Official Gazette no. 1 of 2 January 2018, as amended)

With reference to the provisions of article 15, paragraph one, letters a), b) and c) point i) of the CONSOB Markets Regulation, under the title *conditions for listing the shares of companies controlling companies incorporated and regulated under the laws of countries not belonging to the European Union*, TERNA S.p.A. declares that it does not hold any significant controlling interests, as defined in Title VI, Chapter II of CONSOB Regulation 11971 of 1999, in companies incorporated and regulated under the laws of countries not belonging to the European Union.

With reference to the provisions of article 16 of the CONSOB Markets Regulation, under the title "conditions prohibiting the listing of the shares of subsidiaries subject to management and coordination by another company", Terna S.p.A. declares that it is subject to the de facto control of Cassa Depositi e Prestiti S.p.A., exercised through CDP Reti S.p.A. (a joint-stock company controlled by Cassa Depositi e Prestiti S.p.A.), which holds a 29.851% interest in the Parent Company. The checks, providing confirmation of the above situation of control, were conducted by Cassa Depositi e Prestiti and notified to the Company and CONSOB with effect from 19 April 2007 and, subsequently, by letter dated 30 October 2014 and 2 December 2014. At this time, there are no formal arrangements for the management and coordination of the Company, nor have any such rights been exercised. Terna S.p.A. conducts its business either directly or through its subsidiaries in conditions of operational and contractual independence.

Participation in the regulatory simplification process introduced by CONSOB Resolution no. 18079 of 20 January 2012

Pursuant to art. 3 of CONSOB Resolution no. 18079 of 20 January 2012, Terna has elected to adopt the simplified regime provided for in articles 70, paragraph 8, and 71, paragraph 1-bis of CONSOB Regulation 11971 of 14 May 1999, as amended (the CONSOB Issuers' Regulation). As a result, Terna exercises the exemption from disclosure requirements provided for in the above Regulation in respect of transactions of a significant nature involving mergers, spin-offs, capital increases involving contributions in kind, acquisitions and disposals.

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Changes to the dimensions of the NTG

Details of substations owned by the Terna Group*

	UNIT OF MEASUREMENT	AT 31 DECEMBER 2025	AT 31 DECEMBER 2024	CHANGE	CHANGE%
380 kV					
Substations	no.	172	172	-	-
Power transformed	MVA	132,607	129,547	3,060	2.36%
220 kV					
Substations	no.	152	151	1	0.66%
Power transformed	MVA	35,701	35,576	125	0.35%
Lower voltages (≤ 150 kV)					
Substations	no.	602	592	10	1.69%
Power transformed	MVA	4,819	4,763**	56	1.17%
Total					
Substations	no.	**926**	**915**	**11**	**1.20%**
Power transformed	MVA	**173,127**	**169,886****	**3,241**	**1.91%**

* *MVA calculated to three decimal places and rounded to the nearest integer. Percentages calculated to the fifth decimal place and rounded to the second decimal place.*

** *Data redetermined for alignment to Terna Group as a whole.*

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Details of power lines owned by the Terna Group*

	UNIT OF MEASUREMENT	AT 31 DECEMBER 2025	AT 31 DECEMBER 2024	CHANGE	CHANGE%
380 kV					
Length of circuits	km	13,120	13,101	20	0.15%
Length of lines	km	11,928	11,895	33	0.28%
220 kV					
Length of circuits	km	11,891	11,898	(7)	(0.06%)
Length of lines	km	9,488	9,495	(7)	(0.07%)
Lower voltages (≤ 150 kV)					
Length of circuits	km	50,893	50,240**	653	1.30%
Length of lines	km	47,655	46,988**	667	1.42%
Total					
Length of circuits	**km**	**75,905**	**75,239****	**665**	**0.88%**
overhead	km	71,123	70,862	261	0.37%
underground cables	km	2,986	2,581**	405	15.70%
submarine cables	km	1,796	1,796	-	-
Length of lines	**km**	**69,070**	**68,378****	**692**	**1.01%**
overhead	km	64,289	64,001	288	0.45%
underground cables	km	2,986	2,581**	405	15.70%
submarine cables	km	1,796	1,796	-	-
Impact of direct current connections (200 - 380 - 500 kV)					
Circuits	km	2,585	2,573		
% of total		3.41%	3.42%		
Lines	km	2,265	2,253		
% of total		3.28%	3.30%		

* *Km calculated to three decimal places and rounded to the nearest integer. Percentages calculated to the fifth decimal place and rounded to the second decimal place. It should be noted that the data only include assets that entered service for which the physical census has been completed.*

** *Data restated for better presentation purposes in line with the presentation of the Terna Group at 31 December 2025.*

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Main changes in the Terna Group's plant stock

Substations

New activations:

- construction of the Ponte Caffaro substation with 7 bays and 150 kV section.
- construction of the Cirè substation with 4 bays and 150 kV section.
- construction of the Fortore substation with 17 bays and 150 kV section.
- construction of the Montedoro substation with 3 bays and 150 kV section.
- construction of the Vandoies Nuova substation with 6 bays and 150 kV section.
- construction of the Moena Nuova substation with 3 bays and 150 kV section.
- construction of the 150 kV Viterbo substation with 12 bays and 150 kV section.
- construction of the Montemattina substation with 10 bays and 150 kV section.
- construction of the Bari Termica Scri substation with 10 bays and 150 kV section.

New acquisitions:

- acquisition of the Cinecittà substation with 9 bays and 220 kV/150 kV sections.
- acquisition of the Magliana substation with 8 bays and 150 kV section.
- acquisition of the Smistamento Est substation with 12 stalls and 150 kV section.

These substations derive from the acquisition of 100% of Rete 2 S.r.l. from Areti.

Demolition of the Montebello substation (150 kV).

The following breakdown shows **changes in bays**:

- Construction: up 152 bays mainly in the new substations of Fortore (no. 17), Viterbo 150 kV (no. 12), Montemattina (no. 10) and Bari Termica Scri (no. 10).
- Acquisitions: up 29 bays in the substations acquired and listed above of Rete 2 S.r.l..
- Demolition: down 12 bays mainly in the substations of Ricevitrice Ovest Brescia (no. 3).
- Other changes: down 1 total bay linked to change/updates.

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Transformers

The following breakdown shows **changes in transformers**:

- Construction: up 13 machines mainly in Premadio substation (ATR type).
- Acquisition: up 1 machine in the Cinecittà substations of Rete 2 S.r.l. (ATR type).
- Demolition: down 6 machines mainly in the Chiari substations (ATR type).

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Power lines

Km of circuits changed as follows:

- Construction: approximately up 323 km, affecting, in particular, the Priolo - Pantano D'arci (about 45 km), Laion - Corvara (about 23 km) and Premadio - Livigno primary substation 1/2 (about 20 km) lines
- Acquisition: approximately up 482 km mainly as a result of the acquisition of Rete 2 S.r.l. from Areti.
- Demolition: approximately down 85 km, affecting, in particular, the Lentini RT - Megara RT (approxi-mately down 18 km), Nomentano - Villa Borghese (approximately down 5 km) and S. Rocco al Porto - Casalpusterlengo primary substation (approximately down 5 km) lines.
- Other changes: approximately down 55 km related to other changes/updates.

Variations related to value updating and minor variations are not detailed in the report for any cluster..

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The Terna Group's companies

Parent company

Company	Workforce and revenue
Terna S.p.A.	Employees: 1,549 Revenue: €3,130.4 million

Subsidiaries operating in Regulated Activities

Company	Workforce and revenue	Business
Terna Rete Italia S.p.A.	Employees: 4,114 Revenue: €557.7 million	Development of all regulated activities for operation, ordinary and extraordinary maintenance, management and implementation of interventions for the development of the NTG.
Rete S.r.l.	Employees: - Revenue: €177.5 million	Design, construction, management, development, operation and maintenance of high-voltage power lines.
Rete 2 S.r.l.	Employees: 19 Revenue: -	Design, construction, management, development, operation and maintenance of high-voltage power lines.
Terna Crna Gora d.o.o. *Company under Montenegrin law*	Employees: 12 Revenue: €17.8 million	Management of activities relating to the construction of the Italy-Montenegro interconnection on the Montenegrin side.

Subsidiaries operating in Non-Regulated Activities

Company	Workforce and revenue	Business
Terna Energy Solutions S.r.l.	Employees: 38 Revenue: €15.9 million	Development of new activities and business opportunities on the Italian unregulated market.
Tamini Group	Employees: 438 Revenue: €263.0 million	Production and commercialisation of industrial-grade and high-power electricity transform-ers.
Avvenia The Energy Innovator S.r.l.	Employees: - Revenue: €0.1 million	Implementation of energy efficiency projects, including through EPC (Energy Performance Contract) solutions.
Terna Interconnector S.r.l.	Employees: - Revenue: -	Development and construction of private infrastructures for interconnections with foreign countries.
Altenia Group	Employees: 433 Revenue: €228.3 million	Design, construction and maintenance of renewable sources.
ESPERIA-CC S.r.l.	Employees: - Revenue: €3.3 million	Provision of services for the calculation of the electricity transmission capacity to be allocated in the energy markets. Provision of studies, analyses, data and research to support the activities of Regional Security Coordinators and Regional Coordinator Centres, including coordination services for security analyses.
Gruppo Brugg Cables *Company under Swiss law*	Employees: 508 Revenue: €273.2 million	Design, development, construction, installation and maintenance of terrestrial electrical cables and accessories for high-voltage cables.
Terna Forward S.r.l.	Employees: - Revenue: €0.5 million	Development of new technological solutions for the Terna Group.

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Subsidiaries with international activities

Company	Workforce and revenue	Business
Terna Plus S.r.l.	Employees: 3 Revenue: -	Development of new activities and business opportunities on the international unregulated market.
Terna Peru S.A.C. *Company under Peruvian law*	Employees: 3 Revenue: €1.5 million	Management of the design, construction and maintenance of electricity infrastructure.
Terna 4 Chacas S.A.C. *Company under Peruvian law*	Employees: - Revenue: -	Construction, for the parish of San Martán Papa de Chacas in Peru, of a power line in the city of San Luis and supply of some components necessary for the construction of a substation.
Terna USA LLC *US-based company*	Employees: - Revenue: -	Monitoring of development activities in North America and enhancement of Terna's industrial skills, particularly in large projects.

Associates or joint arrangements[58]

Company	Workforce and revenue	Business
CESI S.p.A.	Employees: 835 Revenue: €178.6 million	Pure and applied scientific research for progress in the electrotechnical, energy, electronic and IT sectors.
CORESO S.A. *Company under Belgian law*	Employees: 110 Revenue: €42.4 million	Management of daily forecast processing and real-time analysis of energy flows in central-western Europe, identifying possible issues and promptly informing the TSOs affected.
CGES[59] *Company under Montenegrin law*	Employees: 340 Revenue: €100.4 million	TSO of the electricity market of Montenegro. Investment acquired as part of the Italy-Balkans Interconnection project.
Elmed Études Sarl *Company under Tunisian law*	Employees: 2 Revenue: -	Subject to joint control of Terna together with the Tunisia-based STEG for the preliminary studies necessary for the implementation of the works required to connect the Tunisian and Italian electricity grids.
SEleNe CC S.A. *Company under Greek law*	Employees: 26 Revenue: €6,174.5 million	The Company's goal is to enhance the security of electricity supply in domestic markets within the relevant European Regional Initiative.
Equigy B.V. *Company under Dutch law*	Employees: 13 Revenue: €7.6 million	Management of a blockchain platform that facilitates the participation of new, flexible resources in the system services market.
Hypermeteo S.r.l.[60]	Employees: N.A. Revenue: N.A.	Design, development, production, processing and marketing of datasets, innovative products and services with high technological value in the meteorology and climatology sectors.

[134] 2024 data relating to the most recently approved financial statements.
[135] Crnogorski Elektroprenosni Sistem Ad".
[136] Data unavailable as the company was acquired in December 2025.

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Alternative performance measures (APMs)

In line with the ESMA/2015/1415 guideline, the Alternative Performance Indicators used in this Report on Operations are outlined below.

MEASURE	DESCRIPTION
GROUP PERFORMANCE	
Operating profit/(loss) - EBIT	an indicator of operating performance, representing the sum of **Profit/(Loss) before tax** and **Net financial income/(expenses)**.
Gross operating profit/(loss) - EBITDA	an indicator of operating performance, obtained by adding **Amortisation, depreciation and impairment losses** to the **EBIT**.
Tax Rate	the amount of tax paid as a proportion of pre-tax profit, based on the ratio of **Income tax expense** to **Profit/(Loss) before tax**.
FINANCIAL RESULTS	
Net Working Capital	represents a balance sheet indicator that expresses the company's liquidity position and is determined by the difference between **current assets** and **current liabilities** of a non-financial nature shown in the statement of financial position.
Gross Invested Capital	represents a balance sheet indicator that expresses the Group's total assets and is derived from the sum of **Net non-current** and **Net Working Capital**.
Net Invested Capital	determined by **Gross Invested Capital** net of **Sundry provisions**.
CASH FLOW	
Net debt	represents an indicator of the Group's financial structure and is determined as the result of **current and non-current financial liabilities**, **short-term and long-term borrowings**, **current portions of long-term financial liabilities** and related **derivatives**, net of **cash and cash equivalents**, **current financial assets** and **non-current financial assets** relating only to **derivatives**.
Free cash flow	represents cash flow and is the difference between **cash flow from operating activities** and **cash flow from investing activities**.

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Reconciliations

In accordance with the guidelines in ESMA/2015/1415, reconciliations of the reclassified income statement and statement of financial position and of net debt and cash flow of the Terna Group and Terna S.p.A. with the related statutory income statement and statement of financial position are shown below.

Reconciliation of the Terna Group's reclassified Income Statement and Statement of Financial Position and Net debt

THE GROUP'S RECLASSIFIED INCOME STATEMENT	€M	CONSOLIDATED INCOME STATEMENT
Revenue from Regulated Activities	3,278.6	"Revenue from sales and services" totalling €3,950.9 million, "Other revenue and income" totalling €82.1 million
Revenue from Non-Regulated Activities	754.4	
Personnel expenses	413.5	"Personnel expenses" after the costs of construction services performed under concessions in Italy in accordance with IFRIC 12 (€20.8 million)
Cost of services, leases and rentals	362.8	"Services" after the costs of construction services performed under conces-sions in Italy in accordance with IFRIC 12 (€65.6 million)
Materials	318.1	"Raw and consumable materials used" after the costs of construction services performed under concessions in Italy in accordance with IFRIC 12 (€34.6 mil-lion)
Other costs	63.0	"Other operating costs"
Quality of service	3.8	
Cost of construction services performed under concession	20.8	"Personnel expenses"
	65.6	"Services"
	34.6	"Raw and consumable materials used"
Net financial income/(expenses)	(181.5)	Points 1, 2 and 3 of letter C-"Financial income and expenses"

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THE GROUP'S RECLASSIFIED STATEMENT OF FINANCIAL POSITION	€M	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Financial assets	554.1	"Investments accounted for using the equity method", "Other non-current assets" and "Non-current financial assets"
Net energy-related pass-through paya-bles	(530.3)	"Trade receivables" relating to the value of energy-related pass-through receiva-bles (€1,572.5 million) and "Trade payables" relating to the value of energy-related pass-through payables (€2,102.8 million)
Net receivables resulting from Regulat-ed Activities	1,173.2	"Trade receivables" relating to the value of receivables resulting from Regulated Activities (€1,267.5 million) and "Trade payables" relating to the value of payables resulting from Regulated Activities (€94.3 million)
Net trade payables	(1,465.5)	"Trade payables" after the value of energy-related pass-through payables (€2,102.8 million) and payables resulting from Regulated Activities (€94.3 million) and "Trade receivables" after the value of energy-related pass-through receivables (€1,572.5 million) and the value of receivables resulting from Regulated Activities (€1,267.5 million)
Net tax liabilities	114.0	"Income tax assets", "Other current assets" relating to the value of other tax assets (€174.6 million), "Other current liabilities" relating to the value of other tax liabili-ties (€21.1 million) and "Tax liabilities"
Other net liabilities	(2,002.9)	"Other non-current liabilities", "Other current liabilities" after other tax liabilities (€21.1 million), "Inventories", "Other current assets" after other tax assets (€174.6 million)
Sundry provisions	(1.1)	"Employee benefits", "Provisions for future risks and charges" and "Deferred tax assets"
Net assets held for sale	13.6	"Operating assets held for sale" and "Operating liabilities related to assets held for sale"
Net debt	13,000.2	"Long-term borrowings", "Current portion of long-term borrowings", "Short-term borrowings", "Non-current financial liabilities", "Current financial liabilities", net of "Cash and cash equivalents", "Current financial assets" and "Non-current financial assets" for the value of CFH derivatives (€0.7 million)

THE GROUP'S ANALYSIS OF NET DEBT	€M	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
"Bond issues" and "Borrowings"	14,662.5	Corresponds with "Long-term borrowings" and "Current portions of long-term bor-rowings"
"Derivative financial instruments" - short- and medium/long-term	51.0	Corresponds to "Non-current financial liabilities" for the value of FVH derivatives, to "Non-current financial assets" for the value of CFH derivatives (€0.7 million) and "Current financial assets" for the value of CFH derivatives on foreign exchange (€0.6 million)
Other financial liabilities net	141.2	Corresponds to "Current financial liabilities"
Financial assets	(742.1)	Corresponds to "Current financial assets" net of financial accrued income on deriva-tives (€0.6 million)
Net debt attributable to assets held for sale	(2.8)	Corresponds to "Operating assets held for sale" for €2.8 million

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Reconciliation of the Terna Group's cash flow

(€m)

	CASH FLOW 2025	RECONCILIATION WITH FINANCIAL STATEMENTS	CASH FLOW 2024	RECONCILIATION WITH FINANCIAL STATEMENTS
- Profit for the year	1,113.5		1,062.5	
- Amortisation, depreciation and impairment losses	960.9		889.0	
- Net change in provisions	11.5		(43.3)	
Employee benefits		*(0.4)*		*(1.6)*
Provision for future risks and charges		*69.9*		*18.0*
Deferred tax assets		*(58.0)*		*(59.7)*
- Net losses/(gains) on sale of assets [1]	(3.8)		(12.6)	
Operating Cash Flow	**2,082.1**		**1,895.6**	
- Change in net working capital	686.3		(154.2)	
Inventories		*(19.5)*		*(45.0)*
Trade receivables		*4.2*		*(1,033.0)*
Income tax assets		*2.7*		*(3.9)*
Other current assets		*(102.0)*		*(7.4)*
Trade payables		*488.7*		*659.6*
Tax liabilities		*(66.8)*		*112.3*
Other liabilities		*379.0*		*163.2*
- Other changes in non-current assets	(250.1)		81.2	
Goodwill		*(98.2)*		*1.4*
Intangible assets [2]		*6.0*		*(12.9)*
Property, plant and equipment [3]		*(88.5)*		*76.6*
Non-current financial assets		*(62.4)*		*20.4*
Other non-current assets		*-*		*0.6*
Investments accounted for using the equity method		*(7.0)*		*(4.9)*
Cash Flow from Operating Activities	**2,518.3**		**1,822.6**	
Capital expenditure				
- Total capital expenditure	(3,514.9)		(2,692.1)	
Property, plant and equipment [3]		*(3,101.7)*		*(2,424.9)*
Intangible assets [2]		*(413.2)*		*(267.2)*
Total cash flow from (for) investing activities	**(3,514.9)**		**(2,692.1)**	
Free Cash Flow	**(996.6)**		**(869.5)**	
Net assets held for sale	**1.6**		**65.2**	
- Reserve for equity instruments, cash flow hedge reserve after taxation and other movements in equity attributable to owners of the Parent [4]	(48.5)		829.8	
- Other movements in equity attributable to non-controlling interests	(0.4)		0.3	
- Dividends paid to the Parent Company's shareholders [4]	(795.9)		(691.9)	
Change in net debt	**(1,839.8)**		**(666.1)**	
- Change in borrowings	**1,361.0**		**1,599.4**	
Current financial assets		*(0.7)*		*17.2*
Non-current financial assets		*(295.4)*		*(63.2)*
Non-current financial liabilities		*(6.5)*		*(105.7)*
Long-term borrowings		*2,476.3*		*2,001.2*
Short-term borrowings		*(936.8)*		*455.4*
Current portion of long-term borrowings		*94.8*		*(703.6)*
Current financial liabilities		*29.3*		*(1.9)*
- Change in cash and cash equivalents	**(478.8)**		**(933.3)**	

[1] Included in the respective balances of "Other revenue" and "Other operating costs" of the Financial statements.
[2] See note 15 to the financial statements.
[3] See note 13 to the financial statements.
[4] See statement of changes in equity.

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Reconciliation of Terna S.p.A.'s reclassified income statement and statement of financial position and net debt

TERNA'S RECLASSIFIED INCOME STATEMENT	€M	INCOME STATEMENT
Tariff revenue and incentives	2,903.8	"Revenue from sales and services"
Revenue from construction services performed under concession	121.0	"Revenue from sales and services"
Other operating income	175.9	"Revenue from sales and services", totalling €70.3 million, and "Other revenue and income"
Personnel expenses	127.2	"Personnel expenses" after the cost of construction services performed under concession in accordance with IFRIC 12 (€1.5 million)
Cost of services, leases and rentals	473.3	"Services" after the cost of construction services performed under concession in accordance with IFRIC 12 (€119.4 million)
Materials	1.9	"Raw and consumable materials used" after the cost of construction services performed under concession in accordance with IFRIC 12 (€0.1 million)
Other costs	26.3	"Other operating costs"
Quality of service	3.8	
Cost of construction services performed under concession	1.5	"Personnel expenses"
	119.4	"Services"
	0.1	"Raw and consumable materials used"
Net financial income/(expenses)	(158.6)	Points 1 and 2 of letter C - "Financial income and expenses"

TERNA'S RECLASSIFIED STATEMENT OF FINANCIAL POSITION	€M	STATEMENT OF FINANCIAL POSITION
Financial assets	1,989.6	"Non-current financial assets", net of derivatives of CHF0.7 million, and "Other non-current assets", net of receivables from subsidiaries related to the staff incentive plan (€2.8 million)
Net energy-related pass-through payables	(530.3)	"Trade receivables" relating to the value of energy-related pass-through receivables (€1,572.5 million) and "Trade payables" relating to the value of energy-related pass-through payables (€2,102.8 million)
Net receivables resulting from Regulated Activities	1,147.9	"Trade receivables" relating to the value of receivables resulting from Regulated Activities (€1,267.5 million) and "Trade payables" relating to the value of payables resulting from Regulated Activities (€119.6 million)
Net trade payables	(2,116.9)	"Trade payables" after the value of energy-related pass-through payables (€2,102.8 million) and payables resulting from Regulated Activities (€119.6 mil-lion) and "Trade receivables" after the value of energy-related pass-through receivables (€1,572.5 million) and the value of receivables resulting from Regulated Activities (€1,267.5 million)
Net tax liabilities	111.7	"Income tax assets", "Other current assets" relating to the value of other tax assets (€140.5 million), "Other current liabilities" relating to the value of other tax liabilities (€3.2 million) and "Tax liabilities"
Other net liabilities	(1,417.6)	"Other non-current liabilities", "Other current liabilities" after other tax liabilities (€3.2 million), "Other current assets" after other tax assets (€140.5 million) and "Other non-current assets" relating to amounts due from subsidiaries in relation to staff incentive plans (€2.8 million)
Sundry provisions	11.9	"Employee benefits", "Provisions for future risks and charges" and "Deferred tax assets"
Net debt	12,758.0	"Long-term borrowings", "Current portion of long-term borrowings", "Short-term borrowings", "Non-current financial liabilities", "Current financial liabilities", net of "Cash and cash equivalents", "Current financial assets" and "Non-current financial assets" for the value of CFH derivatives (€0.7 million)

TERNA'S NET DEBT	€M	STATEMENT OF FINANCIAL POSITION
"Bond issues" and "Borrowings"	14,609.8	Corresponds with "Long-term borrowings" and "Current portions of long-term borrowings"
"Derivative financial instruments"	51.6	Corresponds to "Non-current financial liabilities" for the value of FVH derivatives and to "Non-current financial assets" for the value of CFH derivatives (€0.7 million)
"Other financial liabilities net"	141.2	Corresponds to "Current financial liabilities"
Cash and cash equivalents (including the net balance on intercompany current accounts)	(1,995.1)	Corresponds to "Cash and cash equivalents"
Financial assets	(753.5)	Corresponds to "Current financial assets"

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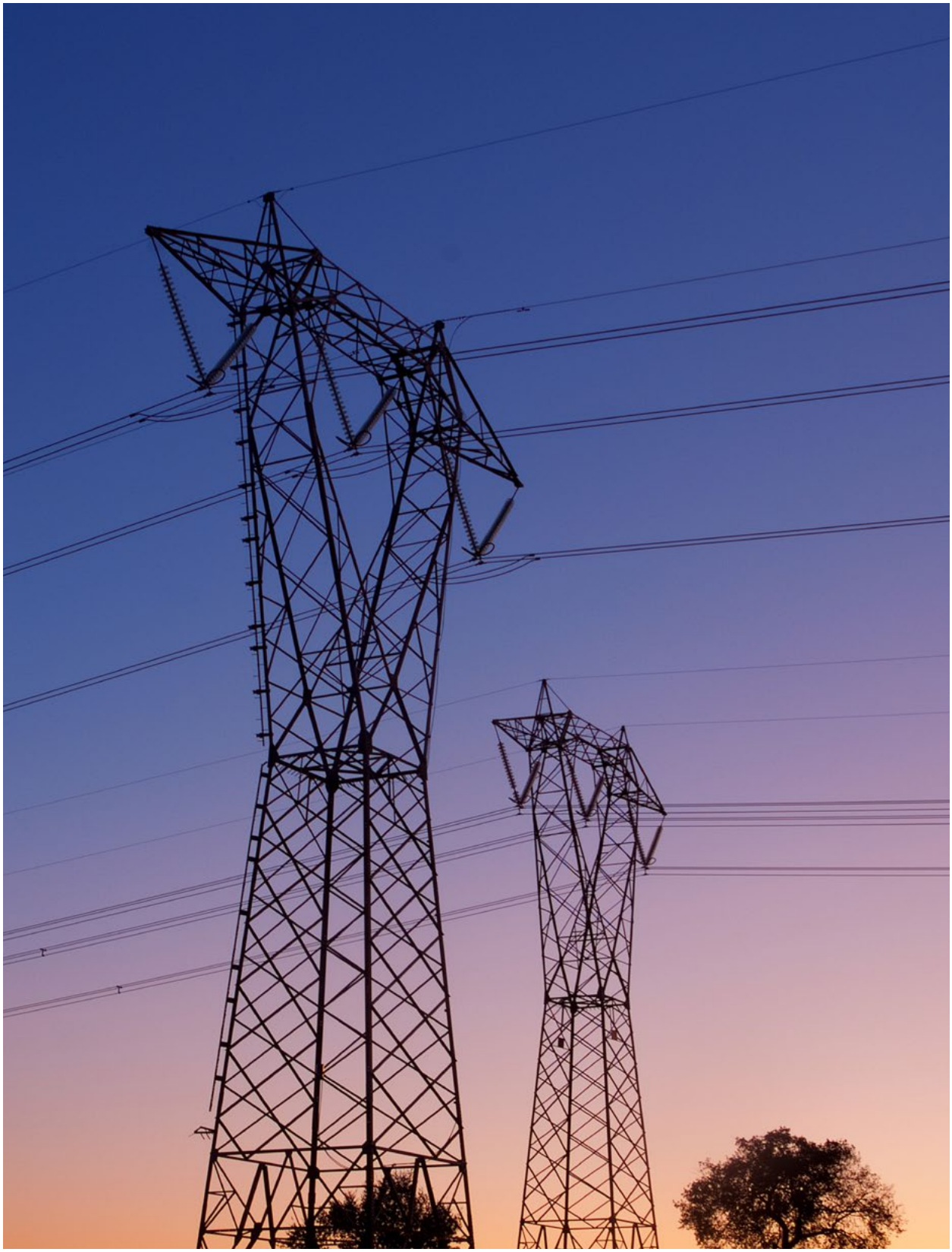
Reconciliation of Terna S.p.A.'s cash flow

(€m)

	CASH FLOW 2025	RECONCILIATION WITH FINANCIAL STATEMENTS	CASH FLOW 2024	RECONCILIATION WITH FINANCIAL STATEMENTS
- Profit for the year	989.1		970.4	
- Amortisation, depreciation and impairment losses	858.3		795.0	
- Net change in provisions	12.7		(31.3)	
Employee benefits		*(0.1)*		*(0.1)*
Provision for future risks and charges		*45.5*		*12.0*
Deferred tax assets		*(32.7)*		*(43.2)*
- Net losses/(gains) on sale of assets[1]	(10.1)		(11.3)	
Operating Cash Flow	**1,850.0**		**1,722.8**	
- Change in net working capital	1,039.9		55.7	
Trade receivables		*29.1*		*(1,007.7)*
Income tax assets		*-*		*(0.1)*
Other current assets		*(97.4)*		*1.1*
Other non-current assets		*(0.1)*		*-*
Trade payables		*840.4*		*895.9*
Tax liabilities		*(61.6)*		*87.6*
Other liabilities		*329.5*		*78.9*
- Other changes in non-current assets	(394.7)		96.2	
Property, plant and equipment[2]		*48.5*		*70.6*
Intangible assets[3]		*7.0*		*(10.3)*
Non-current financial assets		*(450.2)*		*35.8*
Other non-current assets		*-*		*0.1*
Cash Flow from Operating Activities	**2,495.2**		**1,874.7**	
Capital expenditure				
- Total capital expenditure	(3,434.9)		(2,625.9)	
Property, plant and equipment[2]		*(3,026.0)*		*(2,361.6)*
Intangible assets[3]		*(408.9)*		*(264.3)*
Total cash flow from (for) investing activities	**(3,434.9)**		**(2,625.9)**	
Free Cash Flow	**(939.7)**		**(751.2)**	
- Dividends[4]	(795.9)		(691.9)	
- Reserve for equity instruments, cash flow hedge re-serve after taxation and other movements in equity at-tributable to owners of the Parent[4]	(41.2)		826.6	
Change in net debt	**(1,776.8)**		**(616.5)**	
- Change in borrowings	**1,356.6**		**1,575.5**	
Current financial assets		*(306.5)*		*(78.4)*
Non-current financial assets		*(0.7)*		*17.2*
Non-current financial liabilities		*(6.5)*		*(105.7)*
Long-term borrowings		*2,474.3*		*2,009.0*
Short-term borrowings		*(927.2)*		*440.8*
Current portion of long-term borrowings		*92.1*		*(703.8)*
Current financial liabilities		*31.1*		*(3.6)*
- CHANGE IN CASH AND CASH EQUIVALENTS	**(420.2)**		**959.0**	

[1] Included in the respective balances of "Other revenue" and "Other operating costs" of the Financial statements.
[2] See note 11 to the financial statements.
[3] See note 13 to the financial statements.
[4] See the statement of changes in equity.

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CONSOLIDATED FINANCIAL STATEMENTS

Teleborsa: distribution and commercial use strictly prohibited



Teleborsa: distribution and commercial use strictly prohibited

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Consolidated financial statements

Consolidated income statement

(€ millions)

	NOTES	2025	2024
A - REVENUE			
1. Revenue from sales and services	1	3,950.9	3,616.2
of which: related parties		*2,469.6*	*2,210.3*
2. Other revenue and income	2	82.1	64.0
of which: related parties		*0.2*	*0.6*
Total revenue		**4,033.0**	**3,680.2**
B - OPERATING COSTS			
1. Raw and consumable materials used	3	352.7	305.2
of which: related parties		*1.4*	*1.4*
2. Services	4	428.4	354.4
of which: related parties		*14.6*	*12.0*
3. Personnel expenses	5	434.3	409.3
- gross personnel expenses		*615.5*	*569.9*
- capitalised personnel expenses		*(181.2)*	*(160.6)*
of which: related parties		*5.9*	*5.1*
4. Amortisation, depreciation and impairment losses	6	960.9	889.0
5. Other operating costs	7	66.8	44.9
of which: related parties		*0.1*	*2.5*
Total operating costs		**2,243.1**	**2,002.8**
A-B OPERATING PROFIT/(LOSS)		**1,789.9**	**1,677.4**
C - FINANCIAL INCOME/(EXPENSES)			
1. Financial income	8	114.9	156.7
2. Financial expenses	8	(303.4)	(332.1)
of which: related parties		*(2.5)*	-
3. Share of profit/(loss) of equity investments accounted for using the equity method	9	7.0	3.9
D - PROFIT BEFORE TAX		**1,608.4**	**1,505.9**
E - INCOME TAX EXPENSE	10	**495.2**	**455.0**
F - PROFIT/(LOSS) FOR THE YEAR FROM CONTINUING OPERATIONS		**1,113.2**	**1,050.9**
G - PROFIT/(LOSS) FOR THE YEAR FROM DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE	11	**0.3**	**11.6**
H - PROFIT FOR THE YEAR		**1,113.5**	**1,062.5**
Profit for the year attributable to owners of the parent		**1,111.5**	**1,061.9**
Profit attributable to non-controlling interests		**2.0**	**0.6**
Earnings per share*	12		
Basic earnings per share		0.530	0.523
Diluted earnings per share		0.530	0.523
Earnings per share from continuing operations*			
Basic earnings per share	12	0.530	0.517
Diluted earnings per share		0.530	0.517

** Earnings per share take into account the effect of the interest paid to holders of the subordinated perpetual hybrid bonds and the related tax effect.*

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Consolidated statement of comprehensive income*

(€ millions)

	NOTES	2025	2024
PROFIT FOR THE YEAR		**1,113.5**	**1,062.5**
Other comprehensive income for the year reclassifiable to profit or loss			
- Cash flow hedges	25	7.2	(30.2)
- Financial assets at fair value through other comprehensive income	25	2.1	2.3
- Gains/(Losses) from translation of financial statements in currencies other than the euro	25	(0.3)	(2.7)
- Cost of hedges	25	(0.4)	0.1
Other comprehensive income for the year not reclassifiable to profit or loss			
- Actuarial gains/(losses) on provisions for employee benefits	25	(5.5)	6.0
Total other comprehensive income		**3.1**	**(24.5)**
COMPREHENSIVE INCOME FOR THE YEAR		**1,116.6**	**1,038.0**
COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Owners of the Parent Company		*1,115.0*	*1,037.3*
Non-controlling interests		*1.6*	*0.7*

* Amounts are shown net of tax, where applicable.

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Consolidated statement of financial position

(€ millions)

	NOTES	AT 31 DECEMBER 2025	AT 31 DECEMBER 2024
A – NON-CURRENT ASSETS			
1. Property, plant and equipment	13	21,665.1	19,237.1
of which: related parties		*73.5*	*61.0*
2. Goodwill	14	349.1	250.9
3. Intangible assets	15	943.6	731.3
4. Deferred tax assets	16	286.4	228.4
5. Investments accounted for using the equity method	17	88.6	81.6
6. Non-current financial assets	18	451.3	388.2
7. Other non-current assets	19	14.9	14.9
Total non-current assets		**23,799.0**	**20,932.4**
B – CURRENT ASSETS			
1. Inventories	20	127.7	108.2
2. Trade receivables	21	3,075.6	3,067.1
of which: related parties		*501.0*	*264.6*
3. Current assets arising from contracts with customers	22	115.0	127.7
4. Current financial assets	18	742.7	447.3
5. Cash and cash equivalents	23	1,832.7	2,311.5
of which: related parties		*2.9*	-
6. Income tax assets	24	6.0	8.7
7. Other current assets	19	270.3	168.3
Total current assets		**6,170.0**	**6,238.8**
C - Discontinued operations and assets held for sale	31	**13.8**	**15.4**
TOTAL ASSETS		**29,982.8**	**27,186.6**

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(€ millions)

	NOTES	AT 31 DECEMBER 2025	AT 31 DECEMBER 2024
D - D - EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
1. Share capital		442.2	442.2
2. Other reserves		2,671.9	2,669.9
3. Retained earnings/(accumulated losses)		3,804.8	3,589.8
4. Interim dividend		(239.1)	(239.6)
5. Profit for the year attributable to owners of the parent		1,111.5	1,061.9
Total equity attributable to owners of the Parent	25	**7,791.3**	**7,524.2**
E - EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	25	**21.4**	**19.8**
Total equity attributable to owners of the Parent and non-controlling interests		**7,812.7**	**7,544.0**
F - NON-CURRENT LIABILITIES			
1. Long-term borrowings	26	13,886.7	11,410.4
of which: related parties		*90.5*	-
2. Employee benefits	27	47.8	48.2
3. Provisions for risks and charges	28	239.7	169.8
4. Non-current financial liabilities	26	52.3	58.8
5. Other non-current liabilities	29	1,210.6	1,091.5
Total non-current liabilities		**15,437.1**	**12,778.7**
G - CURRENT LIABILITIES			
1. Short-term borrowings	26	720.3	1,657.1
2. Current portion of long-term borrowings	26	775.8	681.0
3. Trade payables	30	3,886.6	3,443.4
of which: related parties		*104.2*	*48.5*
4. Current liabilities arising from contracts with customers	30	126.6	81.1
5. Tax liabilities	30	45.5	112.3
6. Current financial liabilities	26	141.2	111.9
7. Other current liabilities	30	1,036.8	776.9
of which: related parties		*47.6*	*55.7*
Total current liabilities		**6,732.8**	**6,863.7**
H - Liabilities related to discontinued operations and assets held for sale	31	**0.2**	**0.2**
TOTAL LIABILITIES AND EQUITY		**29,982.8**	**27,186.6**

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Consolidated statement of changes in equity

31 December 2024 - 31 December 2025
GROUP'S SHARE CAPITAL AND RESERVES

(€ millions)

	SHARE CAPITAL	LEGAL RESERVE	SHARE PREMIUM RESERVE	CASH FLOW HEDGE RESERVE	OWN SHARES	RESERVE FOR EQUITY INSTRUMENTS - PERPETUAL HYBRID BONDS	OTHER RESERVES	RETAINED EARNINGS/ (ACCUMULATED LOSSES)	INTERIM DIVIDEND	PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT AND NON-CONTROLLING INTERESTS
EQUITY AT 31 DECEMBER 2024	**442.2**	**88.4**	**20.0**	**13.6**	**(31.4)**	**1,835.6**	**743.7**	**3,589.8**	**(239.6)**	**1,061.9**	**7,524.2**	**19.8**	**7,544.0**
PROFIT FOR THE YEAR										**1,111.5**	**1,111.5**	**2.0**	**1,113.5**
OTHER COMPREHENSIVE INCOME:													
- Change in fair value of cash flow hedges				7.2							7.2		7.2
- Actuarial gains/(losses) on employee benefits							(5.5)				(5.5)		(5.5)
- Gains/(Losses) from translation of financial statements in currencies other than the euro								0.1			0.1	(0.4)	(0.3)
- Financial assets at fair value through other comprehensive income							2.1				2.1		2.1
- Cost of hedges				(0.4)							(0.4)		(0.4)
Total other comprehensive income	**-**	**-**	**-**	**6.8**	**-**	**-**	**(3.4)**	**0.1**	**-**	**-**	**3.5**	**(0.4)**	**3.1**
COMPREHENSIVE INCOME	**-**	**-**	**-**	**6.8**	**-**	**-**	**(3.4)**	**0.1**	**-**	**1,111.5**	**1,115.0**	**1.6**	**1,116.6**
TRANSACTIONS WITH SHAREHOLDERS:													
- Appropriation of profit for 2024:													
Retained earnings								*265.5*		*(265.5)*	-		-
Dividends									*239.6*	*(796.4)*	*(556.8)*		*(556.8)*
- Interim dividend 2025									(239.1)		(239.1)		(239.1)
- Purchase of own shares					(2.9)						(2.9)		(2.9)
Total transactions with shareholders	**-**	**-**	**-**	**-**	**(2.9)**	**-**	**-**	**265.5**	**0.5**	**(1,061.9)**	**(798.8)**	**-**	**(798.8)**
Change in scope of consolidation								0.4			0.4		0.4
- Reserve for share-based payments							1.5				1.5		1.5
Coupons payable to holders of hybrid bonds								(64.1)			(64.1)		(64.1)
Other changes								13.1			13.1		13.1
Total other changes	**-**	**-**	**-**	**-**	**-**	**-**	**1.5**	**(50.6)**	**-**	**-**	**(49.1)**	**-**	**(49.1)**
EQUITY AT 31 DECEMBER 2025	**442.2**	**88.4**	**20.0**	**20.4**	**(34.3)**	**1,835.6**	**741.8**	**3,804.8**	**(239.1)**	**1,111.5**	**7,791.3**	**21.4**	**7,812.7**

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31 December 2023 - 31 December 2024
GROUP'S SHARE CAPITAL AND RESERVES

(€ millions)

	SHARE CAPITAL	LEGAL RESERVE	SHARE PREMIUM RESERVE	CASH FLOW HEDGE RESERVE	OWN SHARES	RESERVE FOR EQUITY INSTRUMENTS - PERPETUAL HYBRID BONDS	OTHER RESERVES	RETAINED EARNINGS/ (ACCUMULATED LOSSES)	INTERIM DIVIDEND	PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	EQUITY ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT AND NON-CONTROLLING INTERESTS
EQUITY AT 31 DECEMBER 2023	**442.2**	**88.4**	**20.0**	**43.7**	**(29.8)**	**989.0**	**725.3**	**3,390.5**	**(230.3)**	**885.4**	**6,324.4**	**18.9**	**6,343.3**
PROFIT FOR THE YEAR										**1,061.9**	**1,061.9**	**0.6**	**1,062.5**
OTHER COMPREHENSIVE INCOME:													
- Change in fair value of cash flow hedges				(30.2)							(30.2)		(30.2)
- Actuarial gains/(losses) on employee benefits							6.0				6.0		6.0
- Gains/(Losses) from translation of financial statements in currencies other than the euro								(2.8)			(2.8)	0.1	(2.7)
- Financial assets at fair value through other comprehensive income							2.3				2.3		2.3
- Cost of hedges				0.1							0.1		0.1
Total other comprehensive income	**-**	**-**	**-**	**(30.1)**	**-**	**-**	**8.3**	**(2.8)**	**-**	**-**	**(24.6)**	**0.1**	**(24.5)**
COMPREHENSIVE INCOME	**-**	**-**	**-**	**(30.1)**	**-**	**-**	**8.3**	**(2.8)**	**-**	**1,061.9**	**1,037.3**	**0.7**	**1,038.0**
TRANSACTIONS WITH SHAREHOLDERS:													
- Appropriation of profit for 2023:													-
Retained earnings								*202.8*		*(202.8)*	-		-
Dividends									*230.3*	*(682.6)*	*(452.3)*	*(2.0)*	*(454.3)*
- Interim dividend 2024									(239.6)		(239.6)		(239.6)
- Purchase of own shares					(1.6)						(1.6)		(1.6)
Total transactions with shareholders	**-**	**-**	**-**	**-**	**(1.6)**	**-**	**-**	**202.8**	**(9.3)**	**(885.4)**	**(693.5)**	**(2.0)**	**(695.5)**
Change in scope of consolidation							7.2	(8.6)			(1.4)	2.2	0.8
Equity instruments – Perpetual hybrid bonds						842.1					842.1		842.1
- Reserve for share-based payments							0.3				0.3		0.3
Coupons payable to holders of hybrid bonds								(2.6)			(2.6)		(2.6)
Other changes						4.5	2.6	10.5			17.6		17.6
Total other changes	**-**	**-**	**-**	**-**	**-**	**846.6**	**10.1**	**(0.7)**	**-**	**-**	**856.0**	**2.2**	**858.2**
EQUITY AT 31 DECEMBER 2024	**442.2**	**88.4**	**20.0**	**13.6**	**(31.4)**	**1,835.6**	**743.7**	**3,589.8**	**(239.6)**	**1,061.9**	**7,524.2**	**19.8**	**7,544.0**

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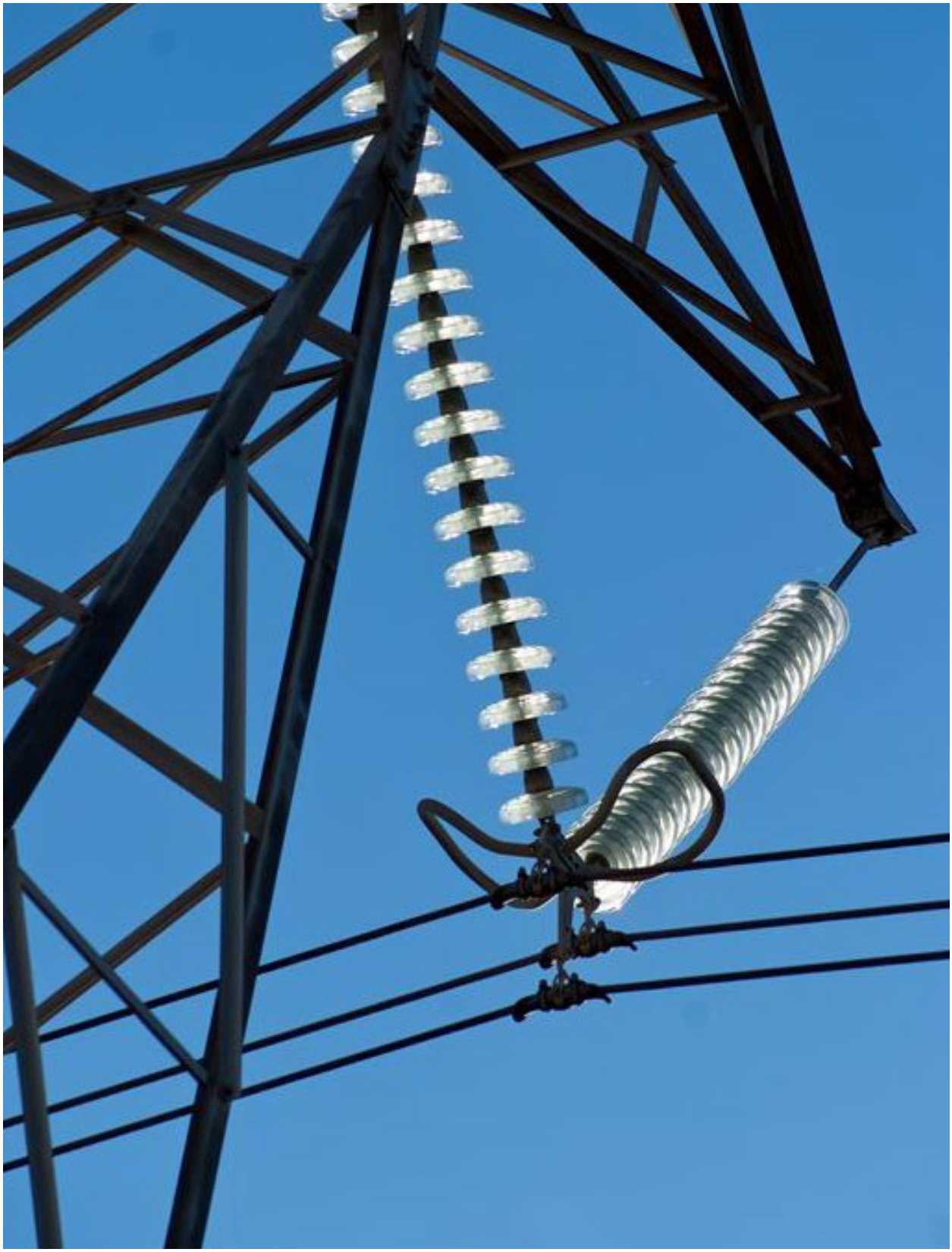
Consolidated statement of cash flows

(€ millions)

	NOTE	2025	2024
PROFIT FOR THE YEAR		**1,113.5**	**1,062.5**
ADJUSTED BY:			
Amortisation, depreciation and impairment losses / (reversals of impairment losses) on non-current property, plant and equipment and intangible assets*	6	946.4	876.4
Accruals to provisions (including provisions for employee benefits) and impairment losses		80.2	56.9
(Gains)/Losses on sale of property, plant and equipment		(3.7)	(12.6)
Financial (income)/expenses	8	181.1	175.3
Income taxes		495.2	456.0
Other non-cash movements		1.1	(15.4)
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN NET WORKING CAPITAL		**2,813.8**	**2,599.1**
Increase/(decrease) in provisions (including provisions for employee benefits and taxation)		(32.6)	(24.9)
(Increase)/decrease in inventories		(19.5)	(33.2)
(Increase)/decrease in trade receivables and other current assets		(54.7)	(1,038.7)
Increase/(decrease) in trade payables and other current liabilities		622.0	621.3
Increase/(decrease) in other non-current liabilities		108.3	15.6
(Increase)/decrease in other non-current assets		(54.2)	(85.0)
Interest income and other financial income received		90.9	157.0
Dividends collected		20.5	7.8
Interest expenses and other financial expenses paid		(334.8)	(370.9)
Income tax paid		(532.0)	(371.6)
CASH FLOW FROM OPERATING ACTIVITIES [A]		**2,627.7**	**1,476.5**
- of which: related parties		*(191.7)*	*83.3*
Investments in non-current tangible assets	13	(2,945.2)	(2,321.8)
Capital grants received		44.7	50.8
Capital expenditure in non-current intangible assets after grants received	15	(400.8)	(266.5)
(Increase)/decrease in investments in associates and joint arrangements and in other investments	17	(0.5)	(6.5)
Movements in short- and medium/long-term financial investments		(301.8)	60.6
Consideration paid for new acquisitions net of cash		(231.6)	-
Proceeds from sale of companies		-	79.3
CASH FLOW FOR INVESTING ACTIVITIES [B]		**(3,835.2)**	**(2,404.1)**
- of which: related parties		*(12.5)*	*(1.7)*
Movement in the reserve for treasury shares	25	(9.0)	(8.0)
Movement in the reserve for equity instruments	25	-	842.1
Dividends paid		(814.1)	(698.4)
Movements in short- and medium/long-term financial liabilities (including short-term portion)**		1,552.7	1,723.5
CASH FLOW FROM/(FOR) FINANCING ACTIVITIES [C]		**729.6**	**1,859.2**
- of which: related parties		*90.5*	-
INCREASE/(DECREASE) IN CASH AND EQUIVALENTS [A+B+C]		**(477.9)**	**931.6**
Cash and cash equivalents at beginning of year		2,313.4	1,381.8
Cash and cash equivalents at end of year***		1,835.5	2,313.4
- of which cash and cash equivalents from acquisitions		*10.9*	-

* *After grants related to assets recognised in the income statement for the period.*
** *After derivatives and impact of fair value adjustments, including cash changes in right-of-use assets.*
*** *Of which, at 31 December 2025, "Cash and cash equivalents" of €1,832.7 million and "Cash and cash equivalents attributable to assets held for sale" of €2.8 million and, at 31 December 2024, "Cash and cash equivalents" of €2,311.5 million and "Cash and cash equivalents attributable to assets held for sale" of €1.9 million.*

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Notes

A. Material accounting standards and measurement criteria

Introduction

Terna S.p.A.'s registered office is at Viale Egidio Galbani 70, Rome, Italy, and has been listed on the Milan Stock Exchange since 2004.

The consolidated financial statements at and for the year ended 31 December 2025 include the Company's financial statements and those of its subsidiaries (the "Group"). The subsidiaries included within the scope of consolidation are listed below.
These Consolidated financial statements were authorised for issue by the Board of Directors at its meeting held on 26 March 2026 and are subject to statutory audit by Deloitte & Touche S.p.A.

The consolidated financial statements for the year ended 31 December 2025 may be viewed on request at Terna S.p.A.'s registered office at Viale Egidio Galbani 70, Rome, or on the Company's website at www.terna.it.

In addition, the Board of Directors authorised the Chair and Chief Executive Officer to make any formal amendments to the Consolidated Financial Statements that may be necessary in the drafting of the final text to be submitted to the Annual General Meeting for approval, as well as additions and adjustments to the sections concerning significant events after the reporting date.
The Terna Group is the largest independent transmission system operator in Europe and one of the leading operators in the world in terms of kilometres of line managed (more than 75 thousand kilometres).
It is responsible for the transmission and management of power flows on the high-voltage (HV) and very high-voltage (VHV) grid throughout Italy, in order to guarantee a balance between demand and supply for energy (dispatching). It is also responsible for the planning, construction and maintenance of the grid.

It acts as the Italian TSO (Transmission System Operator), having been granted a monopoly under a government concession, and is subject to regulation by Italy's Regulatory Authority for Energy, Networks and the Environment (ARERA) and the guidelines established by the Ministry of Enterprises and Made in Italy. It ensures the security, quality and cost-effectiveness of the national electricity system and has the task of developing the grid and integrating it with the European grid. It ensures equal access for all grid users.The Terna Group, in accordance with the requirements set out in Delegated Regulation (EU) 219/815 concerning the preparation of financial information in the European Single Electronic Format (ESEF), has, since 31 December 2021, published its Annual Report in ESEF format, with all figures in the consolidated financial statements and key issuer identification information tagged in iXBRL format and, since 31 December 2022, with block tagging of the entire consolidated notes.

Compliance with IFRS

The consolidated financial statements for the year ended 31 December 2025 have been prepared in accordance with IFRS as issued by the International Accounting Standards Board, and with the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), as endorsed by the European Commission (hereinafter "IFRS"). This document has also been prepared taking into account the provisions of Legislative Decree 38 of 28 February 2005, of the Italian Civil Code and CONSOB Resolutions no. 15519 ("Provisions governing financial statements in implementation of art. 9, paragraph 3 of Legislative Decree 38/2005") and no. 15520 ("Amendments and additions to the implementing rules for Legislative Decree 58/1998"), as well as CONSOB Communication DEM/6064293 ("Disclosure requirements for listed issuers and issuers of financial instruments that are widely held among the public pursuant to art. 116 of the Consolidated Law on Finance").

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Basis of presentation

The consolidated financial statements comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes.
In the consolidated statement of financial position, assets and liabilities are classified on a current/non-current basis, with separate disclosure of assets and liabilities held for sale. Current assets, which include cash and cash equivalents, are those expected to be realised, sold or consumed in the normal operating cycle of the Group's companies; current liabilities are those expected to be settled in the normal operating cycle of the Group's companies or within twelve months of the reporting date.
The income statement is classified on the basis of the nature of costs. The income statement is presented as two statements, the first of which (the income statement) presents revenue and expense items for the year; the second (the statement of comprehensive income) starts with the result for the year and then presents the revenue and expense items that are recognised in equity rather than profit or loss for the year.
The statement of cash flows has been prepared using the indirect method.

The consolidated financial statements are accompanied by the Report on Operations for Terna S.p.A. and the Group, which as from financial year 2008 has been prepared as a single document, exercising the option granted by Legislative Decree 32 of 2 February 2007, which amended art. 40 (Report on Operations) of Legislative Decree 127 of 9 April 1991. From 2024, the Terna Group's Annual Report includes the Report on Operations, which contains, in a dedicated section, the Consolidated Sustainability Statement, in addition to the Consolidated Financial Statements and the Parent Company's Separate Financial Statements.

These consolidated financial statements are presented in millions of euros and all amounts are shown in millions of euros to the first decimal place, unless otherwise indicated.

Given that the requirements of IFRS 5 have been met, the overall results for 2025 and 2024 attributable to the South American subsidiaries included in the planned sale of assets have been classified in the item "Profit/(Loss) from discontinued operations and assets held for sale" in the Group's consolidated income statement. Likewise, the attributable assets and liabilities at 31 December 2025 and 2024 have been classified in the item "Discontinued operations and assets held for sale" and "Liabilities related to discontinued operations and assets held for sale" in the Group's reclassified statement of financial position. Please refer to notes 11 and 31 for details on the transaction.

In accordance with IAS 1, it should be noted that, in order to improve comparability of presentation, certain balances in the statement of financial position as at 31 December 2024 have been restated.
This restatement related exclusively to the classification of financial statement items and had no impact on equity as at 31 December 2024, nor on the profit or loss or total statement of comprehensive income for the year 2024.

Use of estimates

Preparation of the consolidated financial statements requires the Group to use estimates and assumptions that affect the carrying amounts of assets and liabilities and the related disclosures, in addition to contingent assets and liabilities at the reporting date. Estimates are made on the basis of the information available to management at the date of preparation of the financial statements and are based on past experience and other factors considered reasonable under the circumstances. Such estimates and related assumptions are used to determine the carrying amount of assets and liabilities whose value is not readily determinable from other objective sources. Actual results may therefore differ from these estimates. The estimates and underlying assumptions are reviewed periodically and the effects of any changes are recognised in the income statement for the year, if they relate solely to that period. In the case that the revision affects both current and future years, the change is recorded in the year in which the estimate is reviewed as well as in the relevant future years.
The assets and liabilities subject to estimates and key assumptions used by the Group in applying the IFRS endorsed by the European Commission, and that could have a significant impact on the consolidated financial statements, or that could give rise to risks that would entail significant adjustments to the carrying amounts of assets and liabilities in subsequent years, are summarised below.

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Revenue related to incentives

The recognition in the financial statements of output-based incentives requires management to make estimates and assumptions based on actual data, as well as on estimates of the amount and likelihood of future events. In the case of incentive mechanisms with a multi-year time horizon, the Group assesses the allocation of the incentive over the period, estimating the possibility of full or partial clawback of amounts accrued. The amount of incentives recognised as revenue during the year corresponds to the value that was considered highly probable and not subject to significant reduction at the time of validation by ARERA. For accounting recognition purposes, the Group also assesses, for each incentive mechanism, whether the existence of a right (or obligation) is subject to confirmation or verification by ARERA. Where the mechanism includes a significant financing component, the Group determines a discount rate that reflects the credit risk associated with the asset, which, considering the operation of the mechanisms and the guarantees provided by the regulatory framework in favour of Terna, substantially corresponds to that of the electricity system. Some incentive schemes may include penalties in the event of negative performance.

Impairment losses

Property, plant and equipment and intangible assets with finite useful lives are subject, at least annually, to an analysis aimed at identifying any indicators of impairment, in accordance with IAS 36. Where such indicators are identified, the recoverable amount of the assets concerned is estimated as the higher of fair value less costs of disposal and value in use. Assets are written down where their carrying amount exceeds the recoverable amount so determined.
The recoverable amount of goodwill is estimated at least annually using the same criteria described above. Value in use is determined as the present value of expected future cash flows, estimated on the basis of information available at the valuation date and assumptions regarding future variables, such as prices, costs, demand growth rates and production profiles, and discounted using a pre-tax rate reflecting current market assessments of the time value of money in relation to the investment period and the specific risks of the asset. If the intangible asset does not generate cash inflows that are largely independent, the asset's recoverable amount is calculated as part of the Cash Generating Unit ("CGU") to which it belongs. An impairment loss is recognised in the income statement where the carrying amount of the asset, or of the net invested capital of the related cash-generating unit, exceeds its recoverable amount.
Impairment losses on CGUs are first taken as a reduction in the carrying amount of any allocated goodwill and then as a reduction in other assets allocated to the CGU on a pro rata basis. Except for goodwill, impairment losses may be reversed up to the recoverable amount or the original cost of the asset if there is an indication that the impairment loss no longer exists or when there is a change in the methods used to measure the recoverable amount.

Allowance for doubtful accounts

Trade receivables are initially measured at fair value, less any expected credit losses on amounts deemed uncollectible, which are provided for through specific allowance accounts. Credit losses are determined in application of IFRS 9 (a model based on expected credit losses). This requires the Group to assess expected credit losses, and the related changes, at each reporting date.
Specifically, the Group has applied the simplified approach permitted by IFRS 9 to trade receivables in order to measure the allowance for doubtful accounts based on expected losses over the life of the receivable. The Group has thus determined the amount of expected credit losses using a provisioning matrix, based on information regarding historical credit losses for similar past due exposures, adjusted to take into account current conditions and forward-looking elements.

Contract assets/liabilities

In accordance with IFRS 15, contract assets (work in progress) are recognised within the statement of financial position under the specific line item "Contract assets" where revenue is recognised over time.
Revenue recognition is based on the cost-to-cost method, taking into account the stage of completion and expected contractual risks. The stage of completion is determined as the ratio of contract costs incurred at the reporting date to the total estimated contract costs.

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Contract assets are stated as costs incurred plus recognised margins, net of associated liabilities relating to progress billings. Where the net balance is negative, the amount is classified as a liability under “Contract liabilities”.

Provisions for risks and charges

Provisions for risks and charges are allocated when a disbursement of cash, for an amount which can be reliably estimated, will be necessary to fulfil a legal or constructive obligation arising as a result of a past event. Where the time value of money is significant, provisions are discounted using a rate that the Group considers appropriate. This rate reflects current market assessments of the time value of money and the specific risks associated with the liability. Subsequent to initial recognition, the provision is updated to reflect the passage of time and any changes in estimates arising from revisions to expected amounts, timing and discount rates. Any increase in the provision attributable to the passage of time is recognised in the income statement under “Financial expenses”.
The Group makes specific estimates for provisions relating to legal and tax litigation, employee termination benefits, urban and environmental regeneration projects, and other liabilities. The measurement of provisions for legal disputes is based on the probability of incurring an expense, including through the use of external legal advisors supporting the Group companies; the estimate of provisions to be set aside for urban and environmental restoration projects which are the “offsets” aimed at compensating for the environmental impact of the construction of new plant, is based on an analysis of the agreements entered into with the local authorities concerned and the progress of work on construction of the new infrastructure.

Employee benefits

Post-employment benefits are defined on the basis of plans, whether formalised or not, that are classified as either “defined benefit” plans or “defined contribution” plans depending on their nature.
The liability relating to benefits granted to employees and payable at or after termination of employment, relating to defined benefit plans or other long-term benefits, is recognised net of any plan assets. This liability is determined on the basis of actuarial assumptions, estimating the amount of future benefits accrued by employees at the reporting date, and is recognised on an accrual basis over the service period required to earn the benefits.
Changes in the value of the net liabilities (revaluations) deriving from actuarial gains or losses, resulting from changes in the actuarial assumptions used or adjustments based on experience, are recognised in other comprehensive income in the year in which they occur. If a plan is modified, curtailed or extinguished, the related effects are recognised in profit or loss.
Net financial expenses include the component of the return on plan assets and the interest cost to be recognised in profit or loss and are measured by multiplying the liabilities, net of any plan assets, by the discount rate applied to the liabilities; net interest on defined benefit plans is recognised in “Financial income/(expenses)”.
The actuarial valuations used to quantify employee benefits (of all plans except termination benefits or *TFR*) were based on “vested benefits”, applying the projected unit credit method. These valuations are based on the following economic and demographic assumptions: the discount rate (used to determine the present value of the obligation, determined considering returns on high quality bonds in line with the duration of the group of workers measured), the inflation rate, the rate at which future salary levels are expected to rise, the rate of increase for average health reimbursements, rate of increase for electricity prices and demographic factors, such as mortality and invalidity, retirement, resignation, advances and household composition. The method of calculation used for TFR consists of discounting to present value, at the measurement date, each estimated payment due to every employee, projected through to the estimated period in which the *TFR* will be paid.
The obligation under defined contribution plans, limited to the payment of contributions to the state or to a legally separate entity (a fund), is measured on the basis of the contributions payable. The cost of such plans is recognised in profit or loss based on the contribution paid during the period.

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Income taxes

Legislative Decree No. 209 of 27 December 2023, concerning the "Implementation of the tax reform on international taxation", published in the Official Gazette No. 301 of 28 December 2023, transposes into Italian law the EU Council Directive No. 2022/2523 of 15 December 2022, aimed at ensuring a global minimum level of taxation (known as Global Minimum Tax) for multinational groups of companies and large-scale domestic groups in the Union, based on the Global anti-base erosion rules (GloBE rules) developed within the OECD (known as Pillar II). The new rules on Pillar II apply from the financial years starting on or after 31 December 2023 (see Article 60 of Legislative Decree No. 209/2023). Therefore, for the Group, the legislation in question has been applied since 1 January 2024. As known, according to Pillar II, a system of compensatory taxation at the parent entity level (known as Income Inclusion Rule or IIR) applies to enterprises of a multinational group that have an effective tax rate of less than 15%. This is to the extent necessary to reach the aforementioned 15% threshold. In agreement with the parent company Cassa Depositi e Prestiti S.p.A., the Terna Group carried out an initial assessment related to the Subgroup's potential exposure to the "Global Minimum Tax" in relation to the 2024 financial year. It should be noted that, pursuant to Article 38 of Legislative Decree No. 209/2023, the Terna Group should be qualified as a "minority subgroup"; it should be considered as a separate group for the purposes of calculating the effective tax rate and the supplementary tax rate. In this respect, based on the analyses carried out together with Cassa Depositi e Prestiti S.p.A., the possibility of relying on the simplified regimes under Article 39 of Legislative Decree No. 209/2023 (so-called "transitional safe harbours" within the meaning of EU Directive 2022/2523) was positively assessed for all the jurisdictions in which the Group is present. It should be noted that, where applicable, according to the simplified regimes no supplementary tax is payable by a group in a given State where at least one of the three tests (de minimis test, simplified effective tax rate test or ordinary profits test) set forth in EU Directive No. 2022/2523 is successful. Specifically, the simplified regimes were applied to the Group's overall data collected for each individual country in which the entire group operates, in accordance with the method of data presentation also required by the Country-by-Country Report.

Geopolitical context

The Terna Group continuously monitors developments in the international geopolitical environment, which is characterised by increasing fragmentation of the global order and the re-emergence of great power competition dynamics. Tensions in areas of strategic importance for European energy balances, together with growing instability in the wider Mediterranean region, represent factors with potential impacts on security of supply, continuity of supply chains and the resilience of infrastructure. In line with this approach, ESMA, in its European Common Enforcement Priorities published on 14 October 2025, reiterated that issuers are required to consider geopolitical risks when preparing financial statements in accordance with IFRS, where such risks are material, regardless of whether they are explicitly addressed in a specific accounting standard.

The current geopolitical environment is marked by high levels of uncertainty which, although not having an immediate effect on the Group's operations, may influence its medium-term development prospects. Key factors include the strengthening of opposing geopolitical blocs, the increasing use of economic and technological leverage between countries, the tightening of sanctions regimes and the risk of disruptions to global trade flows, also linked to the introduction or tightening of protectionist measures such as tariffs or other trade restrictions, particularly with regard to critical materials and components for the industrial sector as a whole.

Against this backdrop, the Group continues to focus on capex delivery as planned. To date, we are not aware of any circumstances requiring an in-depth assessment to be conducted in order to establish the Company's ability to continue as a going concern.

The ability to meet the aforesaid principle rests on the fact that the most significant portion of the Group's revenue is related to the conduct of Regulated Activities in Italy, which involve remuneration of both operating costs and invested capital, based on a WACC reviewed by ARERA on a regular basis to reflect the Company's cost of capital. According to current legislation, operating costs reflected in the tariff and the RAB must also be indexed so that any inflationary trends may be captured.

The analysis performed on the effects of the geopolitical environment, including the assessment of potential impacts arising from ongoing conflicts and emerging areas of instability, did not identify any triggering events requiring impairment testing of the Group's property, plant and equipment or intangible assets with finite useful lives.

Furthermore, it should be noted that the changed geopolitical environment has not resulted in an increase in credit risk nor had any impact on the measurement of expected credit losses. The Group's trade receivables fall within the hold to collect business model, primarily fall due within 12 months and do not include a significant financial component. They also relate to customers (holders of withdrawal or feed-in dispatching contracts and distributors) who are considered solvent by the market and have a high credit standing.

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As described in more detail in the section, “Credit risk”, management of this risk is also driven by the provisions of ARERA Resolution no. 111/06, which introduced instruments designed to limit the risks related to the insolvency of dispatching customers, both on a preventive basis and in the event of an actual insolvency. The analysis also revealed no need for changes in the business model used.
Potential increases in the cost of materials or services arising from geopolitical tensions or disruptions in international supply chains do not represent a significant risk for the Group, as statutory price adjustment mechanisms are fully recognised within the Regulatory Asset Base (RAB) for the calculation of investment returns.

Climate change

The growing focus on the evolution of climate change and its related impacts has led to an increasing need for transparent disclosures within the Report on Operations and the notes to the financial statements. Although no international accounting standard specifically prescribes how climate-related impacts should be considered in the preparation of financial statements, the IASB has issued certain materials to support IFRS adopters in meeting the information needs of stakeholders. The Terna Group has shared its considerations regarding actions aimed at climate change adaptation and mitigation in the section dedicated to Climate Change within the Consolidated Sustainability Statement included in the Terna Group’s 2025 Annual Report. In this context, as a TSO operating in transmission and dispatching services, the Terna Group is clearly a key player in supporting the energy system in achieving ambitious CO_2 emission reduction targets. In particular, in addition to emissions related to the management of SF_6 gas and electricity consumption, the most significant component of Terna’s Scope 1 and Scope 2 emissions relates to grid losses, which give rise to an indirect impact associated with the need to generate additional energy to offset them. Although a TSO’s Scope 1 and Scope 2 emissions are relatively limited, they are significant in terms of potential system-wide reductions enabled by the integration of renewable energy sources and the development of electrification processes.

The Group has chosen to report its considerations on climate change in a single note. Below is an overview of Management’s considerations on aspects deemed material.

IAS 1 – Presentation of Financial Statements

Where uncertainty factors are identified, IAS 1 requires entities to analyse their potential impacts on the entity’s ability to continue as a going concern. With reference to the assumptions and estimates adopted for the preparation of the annual report, entities are also expected to disclose any forward-looking assumptions that could result in a significant risk of material adjustment within the next financial year.

Consistent with the guidance provided by ESMA, which, as noted above, emphasises the need to incorporate climate risks when preparing financial statements, relevant information is provided. Although not mandatory under IFRS standards, this information is crucial for a comprehensive interpretation of the financial statements.

Over the short term, Management did not identify any specific effects of climate-related risks to be considered when applying the accounting standards.

With reference to the medium/long term, the Company’s Management identified potential risks primarily related to its role as Transmission System Operator (TSO). These risks arise from the adaptation of the electricity grid through actions aimed at increasing its resilience and facilitating the adaptation to the new profile and mix of energy sources fed into the grid. However, as outlined in the following sections, the actions planned to mitigate these risks do not require further evaluation in the context of the application of the accounting standards adopted in the preparation of this document.

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It should also be emphasised that the assessment and, in particular, the quantification of climate risks generally involves reliance on assumptions regarding highly uncertain future developments, such as technological advances, policy developments and governmental interventions.

IAS 16 – Property, Plant and Equipment

With specific reference to the grid and the related transmission service, the actions defined require an articulated process of planning, authorisation and implementation of investments, aimed at carrying out works to meet the current and future needs of integrating renewable sources, while guaranteeing the reliability, security, adequacy and efficiency of the electricity system. This includes, for example, interconnections with foreign countries and the development of the necessary infrastructure to facilitate the increasing integration of renewable energy sources.

Furthermore, as defined in the Group's Risk Framework, the Group is exposed to the risk of increased severity of atmospheric events (such as tornadoes, heavy snowfall, ice formation, floods and fires) that may impact the continuity and quality of the service delivered and/or cause damage to equipment, machinery and network capabilities. In response to these events, the Group continues to make new investments with a view to increasing the grid resilience and identifying the most effective tools to mitigate these risks.

In line with its pivotal role in the national energy transition, Terna has included a number of actions in its strategic plans in order to respond to the challenges posed by climate change. These plans are detailed in "The value creation strategy" section of the 2025 Annual Report, and the following actions were identified:

- Ten-year Development Plan: actions needed to develop and strengthen the electricity grid, including overseas interconnections, to ensure the integration of renewable sources;
- Security Plan: the tools needed to guarantee the security and reliability of the electricity system, in a context of increasing reliance on renewable sources and decommissioning of thermoelectric plants, resulting in critical issues relating to system inertia and voltage regulation;
- Maintenance and Renewal Plan for electricity assets: actions aimed at improving the reliability of electricity assets by pre-emptively identifying and addressing initial signs of an issue that could lead to malfunction.

The Resilience Plan, attached to the Security Plan, is also linked to these plans. It includes all initiatives aimed at increasing the grid resilience with respect to severe weather events, which occur with increasing intensity and frequency, causing damage to infrastructure and interruptions in the supply of power to plants connected to the NTG. The Resilience Plan includes, in particular, preventive actions of an infrastructural nature, as well as capital-light technological solutions for the mitigation of risks on the grid, together with measures for the restoration and monitoring of the electricity system.
This also involves the development of innovative technologies through structured collaborations with start-ups ("Open Innovation"), designed to monitor weather events and increase NTG resilience.

Mitigating climate-related risk also involves the need to plan maintenance of NTG infrastructure to ensure quality of service, the security of the assets operated (power lines and substations) and their ability to remain fully operational. In this regard, alongside the activities planned within the Group's routine maintenance programme, Terna is also required to implement specific network interventions designed to mitigate risks associated with the growing intensity and frequency of extreme climatic events. Management considers that this investment does not reduce or modify the expected economic benefits deriving from use of the existing grid accounted for in property, plant and equipment. In the light of the above, it has not been necessary to conduct a critical review of the useful lives of the fixed assets recognised in the financial statements.

The Group also considers that there may be a risk associated with the supply chain, arising from potential significant changes in the strategies of key suppliers. This risk is exacerbated by the global supply chain crisis, driven by international conflicts, the imposition of tariffs, supply constraints, the ongoing energy transition in many countries

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and the adaptation of technical specifications to new regulations. Such risk could have potentially material effects on construction and maintenance activities, impacting service continuity and quality, as well as project completion timelines.

The Group continuously monitors developments in the supply chain in order to promptly identify any critical issues and implement the necessary corrective measures.

IAS 38 – Intangible Assets

With regard to non-regulated activities, the Group is committed to developing innovative, digital technological solutions to support the ecological transition. In particular, these activities include the offerings of the Tamini Group and the Brugg Cables Group, which engage in power transformers and terrestrial cables, respectively, as well as energy services and connectivity offerings.

In line with its innovation and digitalisation strategies, the Group has continued its investments aimed at enhancing remote control systems for substations and key network infrastructure, through the installation of advanced sensing, monitoring and predictive diagnostics systems, with the objective of ensuring high standards of network and territorial safety and reliability. The Group has also developed tools dedicated to the analysis and identification of new interventions aimed at mitigating risks associated with climate change.
In particular, Terna has adopted the Resilience Methodology – Annex A76 of the Grid Code – an innovative probabilistic tool that positions the Group among the key players in climate change assessment at both national and European level. This methodology supports the planning of interventions aimed at increasing the resilience of the National Transmission Grid (NTG), quantifying expected benefits in terms of reductions in energy not supplied, particularly in relation to severe weather events such as heavy snowfall and high-intensity winds. In addition to ongoing refinements aimed at incorporating both climate trends and advancements in scientific modelling, the methodology has also been extended to model meteorological phenomena linked to hydrogeological instability, with a first pilot application to assess flood risk in part of the Po River Basin in Emilia-Romagna, a region historically exposed to flooding events.

Since 2021, the Company has developed a new app dedicated to the Development Plan and the Terna4Green digital platform. The app is intended to promote an energy-conscious culture and spread greater awareness of issues in the electricity sector. It also allows progress in the national decarbonisation process to be monitored. These initiatives are additional tools through which Terna reinforces its commitment to increasing transparency and disclosure of information, expertise and in-depth knowledge about the national electricity system.

In response to the risk associated with the increasing intensity and frequency of extreme weather events (such as tornadoes, heavy snowfall, ice formation, flooding and wildfires) described above, the Group may benefit from the patentability of the innovative solutions outlined, thereby generating potential opportunities for growth in the non-regulated business.
Investments in research endeavours are reflected in the income statement, while development costs that meet specific requirements may be capitalised as intangible assets. For further details on the recognition criteria for intangible assets arising from development activities, reference should be made to the section “Intangible assets” within “Significant accounting policies and measurement criteria” in the 2025 Annual Report, while additional information on the potential impacts of the initiatives undertaken is provided in the section “Climate change” within “Environmental information” in the Report on Operations.

IAS 36 – Impairment of Assets

As noted in the previous section on property, plant and equipment, Management did not identify any factors that would warrant a critical review of the service life of these assets. In addition, with regard to the potential for impairment risks on property, plant and equipment, Management determined that while climate risk mitigation actions require maintenance to be scheduled on the NTG in order to ensure service quality, the security of assets under management and the maintenance of performance level, they do not have a negative impact in terms of establishing the fair value net of disposal costs. Indeed, a market participant would consider such investment as part of the fair value measurement process.

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IFRS 9 – Financial Instruments

With regard to borrowings and bond issues,the Group has entered into a number of bank loans incorporating "ESG-linked" features, as well as a commercial paper programme (short-term notes aimed at qualified investors), which enables the issuance of "ESG Notes"; in addition, the Group has carried out issuances of "Green Bonds" and "European Green Bonds", as described in the section "Sustainable finance" of the Report on Operations. The ESG-linked bank borrowings (different from the Green Bond issues) include a step-up / step-down mechanism, applicable to the payment of interest accruing as of a certain date under contract provisions, such payment being linked to the achievement of specific environmental, social and governance (ESG) objectives. As a result of the above, the Group believes that there may be a risk, albeit not significant, connected with the achievement of such objectives. Failure to meet these objectives within the agreed date would result in a slight increase in the cost of debt. Nevertheless, the impact of this risk on financial expenses is entirely negligible. The Group constantly monitors activities relating to climate change and, at the time of writing this report, no critical issues were identified.

IAS 37 - Provisions, Contingent Liabilities and Contingent Assets

Recent legislation adopted in response to the challenges posed by climate change has introduced new legal obligations.
In this context, the Terna Group has formally adopted an environmental policy that demonstrates a voluntary and proactive commitment to limiting and mitigating the environmental impact of its activities, exceeding legal requirements without, however, harming other general interests set out in the licence agreement. This policy is implemented through initiatives designed to reduce CO2 emissions, contain SF6 gas leaks, improve energy efficiency and protect biodiversity. We are committed to environmental protection at every stage of the supply chain and in relation to local communities involved in the development of the national transmission grid. To this end, we adopt compensatory measures that are increasingly geared towards eco-sustainability principles.
The Group has also defined a Circular Economy Strategy, which has led to the development of a Roadmap of actions up to 2030, with a view to an effective implementation of a circular economy model.
In the light of the current regulatory framework, Management has concluded that the adoption of these policies does not require new liabilities to be booked. A similar consideration applies to the risk arising from potential changes in supply chain strategies. Therefore, no critical review of the provisions already allocated was necessary.

IFRS 15 – Revenue from Contracts with Customers

As part of Regulated Activities, a portion of the remuneration deriving from transmission and dispatching services is subject to regulatory incentive mechanisms based on specific objectives. The achievement of these objectives may be affected by risks related to climate change, such as an increase in extreme weather events, with potential repercussions on the continuity and quality of the service provided by Terna. The Group constantly monitors these risks and, to date, has not deemed it necessary to revise the estimates related to these incentives.
With regard to Non-Regulated Activities, particularly in the Energy Services sector, in the light of the portfolio of products and services aimed at promoting the development of renewable energy in Italy, including the construction and management of photovoltaic plants, grid connection capabilities and services for industrial customers - as well as in the area of cable and transformer production - the Group has not identified any new uncertainties that could affect the current revenue recognition model, nor any need to have existing contracts undergo a critical review.
Finally, it should be noted that climate change, together with the adoption of policies aimed at reducing CO_2 emissions and the achievement of Net Zero Emissions targets by most industrial customers, could represent a growth opportunity for the company business.

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IFRS 2 – Share-based Payments

The long-term incentive plans currently adopted (aka Performance Share Plans) are linked to ESG indicators, the percentage weight of which has progressively increased over time.

The 2022-2026 plan, which was finalised in the first half of 2025, includes among its indicators, with a weight of 25%, the inclusion of a selected basket of ESG indices representing the Group's ability to ensure an all-round sustainability performance. These indices include the Dow Jones Sustainability Index World, the Stoxx ESG Leaders and the MIB 40 ESG; inclusion is subject to ratings by three different rating agencies, namely S&P Global, Sustainalytics and Moody's ESG. A significant part of these assessments is dedicated to the issue of climate change, with the aim of maintaining annual inclusion and for the duration of the Performance Share Plan within the aforementioned ESG indices. The Group's performance and positioning on aspects such as climate strategy, climate risk assessment and management, greenhouse gas emission reduction targets and public reporting of related metrics are key factors in this regard.

The 2023-2027 Performance Share Plan is linked to ESG indicators with an overall weight of 30%, of which 15% refers to the KPI linked to inclusion in the ESG basket described above, while the remaining 15% is intended to reward the maximisation of production from non-programmable renewable sources by favouring integration into the National Electricity System, thereby minimising Overgeneration. The underlying goal is therefore to ensure the efficient integration of non-programmable renewable sources into the energy mix fed into the grid.

The 2024-2028 Performance Share Plan remains consistent with the previous plan, with the Overgeneration indicator maintaining a weighting of 30%. Indeed, given the expected growth of renewable generation capacity in the coming years, without adequate mitigation actions in place, the reduction of production from Non-Programmable Renewable Sources ("Overgeneration") could increase significantly in the coming years. This would partially frustrate the expected benefits of the energy transition.

The 2025-2029 Performance Share Plan, which was approved by the Shareholders' Meeting on 21 May 2025 through a specific Information Document, confirms the presence of the Overgeneration indicator with a weight of 30% and introduces a new ESG KPI called "Connections", with a weight of 10%. The latter measures Terna's efficiency in meeting average connection times, bringing the overall weight of ESG indicators to 40%. The objective of the "Connections" KPI is to facilitate the entry into operation of new generation capacity from renewable sources, which is crucial for supporting the energy transition, optimising connection times.

Subsidiaries and scope of consolidation

The scope of consolidation includes the Parent Company, Terna S.p.A., and the companies over which it has the power to exercise control directly or indirectly, as defined by IFRS 10. Control exists when the Parent Company has the power or the ability to influence the relevant activities (having a substantial impact on the Parent Company's results), and is exposed to or has the right to variable returns from its involvement with the investee, and the ability to use its power over the subsidiaries to affect the amount of the investor's returns.
Therefore, whether control exists does not depend solely on the possession of a majority of voting rights, but rather on the substantial rights of each investor over the subsidiary.
For the purpose of assessing control requirements, all facts and circumstances are analysed, including any agreements with other investors, rights under other contractual arrangements and potential voting rights. These other facts and circumstances may prove particularly significant in the assessment process, especially in cases where the Group holds less than a majority of the voting rights, or similar rights, of the subsidiary, resulting in de facto control situations. The existence of control over a subsidiary will be re-examined when facts and circumstances indicate that there has been a change in one or more of the factors considered in assessing whether control exists.
The financial statements of subsidiaries are consolidated on a line-by-line basis from the date when the Parent Company gains control until the date when such control ceases.
With specific reference to ESPERIA-CC S.r.l., it should be noted that the assessment carried out on the contractual agreements, shareholders' agreements, governance structure and facts and circumstances that impact the control and management of strategic decisions confirmed that the Terna Group has control.

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The companies included within the scope of consolidation are listed below:

NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	% INTEREST	METHOD OF CONSOLIDATION
SUBSIDIARIES CONTROLLED DIRECTLY BY TERNA S.P.A.					
Terna Rete Italia S.p.A.	**Rome**	**Euro**	**300,000**	**100%**	**Line-by-line**
Assets	Design, construction, management, development, operation and maintenance of power lines and network infrastructure and other grid-related infrastructure, plant and equipment used in the above electricity transmission and dispatching activities and in similar, related and connected sectors.				
Terna Crna Gora d.o.o.	**Podgorica (Montenegro)**	**Euro**	**208,000,000**	**100%**	**Line-by-line**
Assets	Authorisation, construction and operation of the transmission infrastructure forming the Italy-Montenegro interconnector on Montenegrin territory.				
Terna Plus S.r.l.	**Rome**	**Euro**	**16,050,000**	**100%**	**Line-by-line**
Assets	Design, construction, management, development, operation and maintenance of plant, equipment and infrastructure for grids and systems, including distributed storage and pumping and/or storage systems.				
Terna Interconnector S.r.l.	**Rome**	**Euro**	**10,000**	**65%***	**Line-by-line**
Assets	Responsible for construction and operation of the private section of the Italy-France interconnector and civil works on the public section.				
Rete S.r.l.	**Rome**	**Euro**	**387,267,082**	**100%**	**Line-by-line**
Assets	Design, construction, management, development, operation and maintenance of high-voltage power lines.				
Rete 2 S.r.l.	**Rome**	**Euro**	**137,574,499**	**100%**	**Line- by-line**
Assets	Design, construction, management, development, operation and maintenance of high-voltage power lines.				
Terna Energy Solutions S.r.l.	**Rome**	**Euro**	**2,000,000**	**100%**	**Line-by-line**
Assets	Design, construction, management, development, operation and maintenance of distributed energy storage systems, pumping and/or storage systems, plant, equipment and infrastructure, including grids; research, consultancy and assistance in matters relating to the core business; any other activity capable of improving the use and development of plant, resources and expertise.				
ESPERIA-CC S.r.l.	**Rome**	**Euro**	**10,000**	**1%****	**Line-by-line**
Assets	A technical centre owned by a number of transmission system operators, which acts as the regional security coordinator for the TSOs, with the aim of improving and upgrading the security and coordination of the electricity system in south-eastern Europe.				
Terna Forward S.r.l.	**Rome**	**Euro**	**10,000**	**100%**	**Line-by-line**
Assets	Development of new technological solutions for the Terna Group, investing in start-ups and small, medium and large enterprises with high innovation and technological potential.				

* *5% is held by Terna Rete Italia S.p.A. and 30% by Transenergia S.r.l.*
** *99% is held by Selene CC S.A.*

NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	% INTEREST	METHOD OF CONSOLIDATION
SUBSIDIARIES CONTROLLED THROUGH TERNA PLUS S.R.L.					
Terna Peru S.A.C.	**Lima (Peru)**	**Nuevo sol**	**116,813,900**	**99.99%****	**Line-by-line**
Assets	Design, construction, administration, development, operation and maintenance of any type of electricity system, plant, equipment and infrastructure, including interconnectors; provision of all types of products and service, construction, electrical and civil engineering work; research, consultancy and assistance in matters relating to the core business; any other activity capable of improving the use and development of plant, resources and expertise.				
Terna 4 Chacas S.A.C.	**Lima (Peru)**	**Nuevo sol**	**13,734,560**	**99.99%****	**Line-by-line**
Assets	Responsible for construction of a new 16 km power line in Peru.				
TERNA USA LLC.	**New York (USA)**	**US dollar**	**10,001**	**100%**	**Line-by-line**
Assets	Acquisition, development and construction of major infrastructure projects regarding onshore and offshore electricity transmission in the United States.				

*** 0.01% Rete S.r.l.*

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NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	% INTEREST	METHOD OF CONSOLIDATION
SUBSIDIARIES CONTROLLED THROUGH TERNA ENERGY SOLUTIONS S.R.L.					
Tamini Trasformatori S.r.l.	Legnano (MI)	Euro	4,285,714	100%	Line-by-line
Assets	Construction, repair and trading in electrical equipment.				
Avvenia The Energy Innovator S.r.l.	Rome	Euro	10,000	100%	Line-by-line
Assets	Provision of energy efficiency, energy consulting and process engineering services to companies and public and private entities; the application of technology to increase energy end-use efficiency; the design, construction, development and maintenance of plant, equipment and infrastructure for networks and other uses.				
Brugg Kabel Services AG	Brugg (Switzerland)	Swiss franc	1,000,000	100%	Line-by-line
Assets	Commercialisation of terrestrial cables for use in electricity transmission.				
Altenia S.r.l.	Rome	Euro	455,585	89%*	Line-by-line
Assets	Design, construction and maintenance of renewable sources.				
SUBSIDIARIES CONTROLLED THROUGH TAMINI TRASFORMATORI S.R.L.					
Tamini Transformers USA LLC	Sewickley - Pennsylvania	US dollar	52,089	100%	Line-by-line
Assets	Commercialisation of industrial-grade and high-power electricity transformers.				
Tamini Transformatori India Private Limited	Magarpatta City (India)	Indian rupee	13,175,000	100%	Line-by-line
Assets	Commercialisation of industrial-grade and high-power electricity transformers.				
SUBSIDIARIES CONTROLLED THROUGH BRUGG KABEL SERVICES AG					
Brugg Kabel Manufacturing AG	Brugg (Switzerland)	Swiss franc	7,000,000	100%	Line-by-line
Assets	Commercialisation of terrestrial cables for use in electricity transmission.				
Brugg Kabel AG	Brugg (Switzerland)	Swiss franc	22,000,000	90%**	Line-by-line
Assets	Commercialisation of terrestrial cables for use in electricity transmission.				
SUBSIDIARIES CONTROLLED THROUGH BRUGG KABEL MANUFACTURING AG					
Brugg Cables Italia S.r.l.	Milan	Euro	10,000	100%	Line-by-line
Assets	Commercialisation of terrestrial cables for use in electricity transmission.				
SUBSIDIARIES CONTROLLED THROUGH BRUGG KABEL AG					
Brugg Kabel GmbH	Schwieberdingen (Germany)	Euro	103,000	100%	Line-by-line
Assets	Commercialisation of terrestrial cables for use in electricity transmission.				
Brugg Cables (Shanghai) Co. Ltd	Shanghai	US dollar	1,600,000	100%	Line-by-line
Assets	Commercialisation of terrestrial cables for use in electricity transmission.				
Brugg Cables (India) Pvt. Ltd	Haryana (India)	Indian rupee	47,000,000	99.74%***	Line-by-line
Assets	Commercialisation of terrestrial cables for use in electricity transmission.				
Brugg Cables Middles East Contracting LLC	Dubai (UAE)	Dirham	200,000	100%	Line-by-line
Assets	Commercialisation of terrestrial cables for use in electricity transmission.				
Brugg Cables Inc USA	Chicago (USA)	US dollar	50,000	100%	Line-by-line
Assets	Commercialisation of terrestrial cables for use in electricity transmission.				
Brugg Cables Company Saudi Arabia	Riyadh (Saudi Arabia)	Saudi Riyal	50,000	100%	Line-by-line
Assets	Commercialisation of terrestrial cables for use in electricity transmission.				
SUBSIDIARIES CONTROLLED THROUGH BRUGG CABLES (SHANGHAI) CO. LTD					
Brugg Cables (Suzhou) Co. Ltd	Suzhou (China)	Chinese renminbi	32,000,000	100%	Line-by-line
Assets	Commercialisation of terrestrial cables for use in electricity transmission.				
SUBSIDIARIES CONTROLLED ALTENIA S.R.L.					
Halfbridge Automation S.r.l.	Rome	Euro	10,000	70%****	Line-by-line
Assets	Research, design and production of electronic circuit boards for innovative energy efficiency systems.				
STE Energy S.r.l.	Rome	Euro	2,000,000	100%	Line-by-line
Assets	Design, construction and maintenance of electrical infrastructure and renewable energy plants				

* *11% Solaris S.r.l.*
** *10% BRUGG GROUP AG*
*** *0.26% Brugg Kabel GmbH*
**** *30% Vima Technologies S.r.l.*

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The following changes in the structure of the Group have taken place with respect to 31 December 2024:

- On 4 March 2025, following the reorganisation of the Non-Regulated Activities segment, the company LT S.r.l. changed its corporate name to Altenia S.r.l. From 1 April 2025, through a business unit contribution, it assumed responsibility for the Energy Services business, previously carried out by Terna Energy Solutions S.r.l., as well as the LT Group's activities relating to the design, construction and maintenance of high-voltage electrical installations and renewable energy plants, in particular photovoltaic systems, as well as energy efficiency solutions. As a result of this transaction, Terna Energy Solutions S.r.l.'s equity interest in Altenia S.r.l. in April increased from 87.5% to 89%;
- On 29 May 2025, subsidiary Altenia S.r.l. completed the acquisition of 100% of the share capital of the Italian company "Ste Energy S.r.l.", which operates in the field of design, construction and maintenance of renewable energy plants and electrical infrastructure;
- On 27 August 2025, the liquidation of Terna Chile S.p.A. which formally began on 17 December 2024, was completed;
- On 30 September 2025, Terna S.p.A. completed the acquisition of 100% of the share capital of Rete 2 S.r.l., a company controlled by Areti and owner of part of the high-voltage infrastructure of the Acea Group located in the metropolitan area of Rome. The acquisition is expected to generate value and efficiency for the entire electricity system, enabling Terna to achieve a more effective and integrated management of its infrastructure, in line with the provisions of the Regulatory Authority for Energy, Networks and the Environment, which, through Resolution no. 616/2023, introduced incentives for distribution companies to promote the transfer of high-voltage assets to Terna, with a view to their consolidation under Terna's management;
- On 20 October 2025, the subsidiary Terna USA LLC completed the disposal of its entire stake, equal to 0.01% of the share capital, in Terna 4 Chacas S.A.C. and Terna Perù S.A.C. to Rete S.r.l.

Associates

Associates are investees over which the Terna Group exercises significant influence, being the ability to participate in the determination of these companies' financial and operating policies, without having control or joint control. In assessing whether or not Terna has significant influence, potential voting rights that are exercisable or convertible are also taken into account.
To determine whether significant influence exists, management's judgement is required to assess all facts and circumstances. The existence of significant influence is re-examined when the facts and circumstances indicate that there has been a change in one or more of the factors considered to establish whether significant influence exists.

The Terna Group exercises significant influence over the companies Cesi S.p.A., Coreso S.A., CGES A.D. and Equigy B.V., as it is able to participate in financial and management decisions, but does not have control or joint control. This assessment is based on the analysis of contractual agreements, shareholders' agreements, the governance structure and the facts and circumstances that could influence the control and management of strategic decisions.

These investments are initially recognised at cost and subsequently measured using the equity method. The profits or losses attributable to the Group are recognised in the consolidated financial statements when significant influence begins and until that influence ceases. Based on application of the equity method, if there is evidence that the investment has been impaired, the Group determines the amount of the impairment based on the difference between the recoverable amount and the carrying amount of the investment in question. In the event that the loss attributable to the Group exceeds the carrying amount of the equity interest, the latter is written off and any excess is recognised in a specific provision, if the Parent Company is required to meet the legal or constructive obligations of the investee or, in any case, to cover its losses.

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The list of associates is presented below:

NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL*	PROFIT FOR THE YEAR*	% INTEREST	METHOD OF CONSOLIDATION	CARRYING AMOUNT AT 31 DECEMBER 2025 (€ MILLIONS)
ASSOCIATES							
Cesi S.p.A.	**Milan**	**Euro**	**8,550,000**	**2,275,318**	**42.698%**	**Equity Method**	**53.3**
Assets	Experimental research and provision of services related to electro-technology.						
Coreso S.A.	**Brussels (Belgium)**	**Euro**	**1,000,000**	**1,202,790**	**15.84%**	**Equity Method**	**1.4**
Assets	Technical centre owned by several electricity transmission operators, responsible for coordinating joint operations of TSOs, in order to improve and upgrade the security and coordination of the electricity system in central and western Europe.						
CGES A.D.	**Podgorica (Montenegro)**	**Euro**	**155,108,283**	**24,834,632**	**22.0889%**	**Equity Method**	**26.7**
Assets	Provision of transmission and dispatching services in Montenegro.						
Equigy B.V.	**Arnhem (Netherlands)**	**Euro**	**50,000**	**520,000**	**20%**	**Equity Method**	**0.7**
Assets	Provision of support for electricity balancing by TSOs through the development and implementation of blockchain technology.						

** Figures taken from the latest approved financial statements at the date of preparation of this document.*

Joint arrangements

Investments in joint arrangements, in which the Group exercises joint control with other entities, are recognised initially at cost and subsequently measured using the equity method. The profits or losses attributable to the Group are recognised in the consolidated financial statements when joint control begins and until that control ceases. The Group recognises its share of the assets and liabilities attributable to joint arrangements in accordance with IFRS 11.
In assessing the existence of joint control, it is ascertained whether the parties are bound by a contractual agreement and whether this agreement attributes to the parties the joint control of the agreement itself. Joint control exists when an entity has control over an arrangement on a contractual basis, and only when decisions relating to the relevant activities require the unanimous consent of all parties that jointly control the arrangement.
To determine whether joint control exists and the type of jointly controlled arrangement, management's judgment is required to assess the rights and obligations under the arrangement.
To this end, management considers the structure and legal form of the agreement, the terms agreed between the parties to the agreement and, if significant, other facts and circumstances. The existence of joint control is re-examined when the facts and circumstances indicate that there has been a change in one or more of the factors considered to establish whether joint control exists and the type of jointly controlled arrangement.

The Terna Group exercises joint control over ELMED Etudes S.a.r.l., SEleNe CC S.A., Wesii S.p.A. and Hypermeteo S.r.l., as, together with other entities, it has the power to make relevant operational and financial decisions based on a contractual arrangement that establishes shared voting rights and joint management of the entity. This assessment is based on the analysis of contractual agreements, shareholders' agreements, the governance structure and the facts and circumstances that reflect the power to influence strategic decisions on an equal basis.

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The list of joint arrangements is shown below:

NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL*	PROFIT FOR THE YEAR*	% INTEREST	METHOD OF CONSOLIDATION	CARRYING AMOUNT AT 31 DECEMBER 2025 (€ MILLIONS)
JOINT ARRANGEMENTS							
ELMED Etudes S.a.r.l.	**Tunis (Tunisia)**	**Tunisian dinar**	**2,016,120**	**(198,147)**	**50%**	**Equity Method**	**0.2**
Assets	Conduct of preparatory studies for construction of the infrastructure required to connect the Tunisian and Italian electricity systems.						
SEleNe CC S.A.	**Thessaloniki (Greece)**	**Euro**	**6,210,000**	**433,816**	**33.33%**	**Equity Method**	**2.4**
Assets	A technical centre owned by a number of transmission system operators, which acts as the regional security coordinator for the TSOs, with the aim of improving and upgrading the security and coordination of the electricity system in south-eastern Europe.						
Hypermeteo S.r.l.	**Rome**	**Euro**	**25,000**	**7,795**	**15.43%**	**Equity Method**	**1.0**
Assets	Acquisition, development and construction of major infrastructure projects regarding onshore and offshore electricity transmission in the United States.						
Wesii S.r.l.	**Chiavari**	**Euro**	**29,536**	**(307,276)**	**33%**	**Equity Method**	**2.9**
Assets	Operator in the market for inspection and remote sensing services in the renewable energy sector						

** Figures taken from the latest approved financial statements at the date of preparation of this document.*

The following changes in the structure of the Group have taken place with respect to 31 December 2024

- On 30 May 2025, the subsidiary Terna USA LLC completed the sale of its entire 40% interest in the US-based joint arrangement BMT Energy Transmission Development LLC to Meridiam Transmission Development LLC, a Delaware limited liability company;
- On 18 December 2025, the subsidiary Terna Forward acquired a 15.43% interest in Hypermeteo, classified as a joint venture, an Italian company that, by combining deterministic models and AI algorithms, develops weather and climate datasets that can be integrated into business operational processes, with high spatial resolution and multiple time horizons.

Basis of consolidation

The financial statements of all investees used in the preparation of the consolidated financial statements were prepared as at 31 December 2025 and approved by the respective Boards of Directors and, in most cases, also by the Shareholders' Meetings. These financial statements have, where required, been restated to align them with the accounting standards adopted by the Parent Company.
During preparation of the consolidated financial statements, intercompany balances, transactions, revenue and costs are fully eliminated, net of the related tax effect, where material ("consolidation on a line-by-line basis").
Unrealised gains and losses on transactions with associates and joint arrangements are eliminated in proportion to the Group's interest; unrealised losses are retained where they indicate potential impairment.

Translation of foreign currency items

In accordance with IAS 21, in the Group's financial statements, transactions in currencies other than the functional currency are recognised using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in a currency other than the functional currency are subsequently translated at the exchange rate prevailing at the reporting date; any resulting exchange differences are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currency and measured at historical cost are translated using the exchange rate at the date of initial recognition of the transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated using the exchange rate at the date on which that value is determined.

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Property, plant and equipment

Pursuant to IAS 16, property, plant and equipment are initially measured at cost, including all directly attributable costs required to bring the asset to the location and condition necessary for its intended use. Where legal or constructive obligations arise, the cost includes the present value of estimated dismantling, removal and site restoration costs. The corresponding liability is recognised in provisions for risks and charges.
Penalties from suppliers relating to the acquisition or construction of an asset are accounted for as a direct reduction of the asset's cost. This treatment does not apply where the penalty represents reimbursement, namely where the reimbursed costs are clearly identifiable and incurred due to delays suffered by the purchaser, the compensation is enforceable regardless of delivery and the contract explicitly provides for damages to compensate for loss of earnings arising from delays.
Financial expenses directly attributable to the acquisition, construction or production of a qualifying asset, in accordance with IAS 23, are capitalised as part of the cost of that asset. Costs incurred subsequent to acquisition are capitalised as part of the carrying amount of the asset to which they relate when it is probable that the associated future economic benefits will flow to the Group and the cost of the asset can be measured reliably. All other costs are expensed as incurred.
Each element of an item of property, plant and equipment of material value, with respect to the total value of the item to which it belongs, is recognised and depreciated separately.
Property, plant and equipment is shown net of accumulated depreciation and any impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful economic life of the asset, which is reviewed annually, with any changes accounted for prospectively. Depreciation of an asset begins when the asset becomes available for use.
Where liabilities exist in respect of tangible assets, a specific provision is recognised with a corresponding entry to the related asset; the expense is recognised in the income statement through the depreciation of the property, plant and equipment to which it relates.
Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Any resulting gain or loss is recognised in the income statement and is determined as the difference between the net proceeds from disposal and the net carrying amount of the asset.

The main rates of depreciation, calculated on the basis of the useful lives of the relevant assets, are as follows:

RATES OF DEPRECIATION	
Buildings - Civil and industrial buildings	2.50%
Plant and equipment - Transmission lines	2.22%
Plant and equipment - Transformer substations:	
- Electrical machinery	2.38%
- Electrical devices and equipment	3.13%
- Automation and control systems	6.70%
Plant and equipment - Central systems for remote management and control:	
- Devices, electrical equipment and ancillary plant	5.00%
- Computers	10.00%

Land, regardless of whether it is free of constructions or related to civil and industrial buildings, is not depreciated, since it has an indefinite useful life.

Right-of-use assets relating to lease agreements for the use of property, plant and equipment are also included, in accordance with IFRS 16 , issued in January 2016 and applicable from 1 January 2019, which supersedes IAS 17 and its related interpretations and defines the criteria for the recognition, measurement, presentation and disclosure of leases. IFRS 16 removes the distinction between operating and finance leases for accounting purposes. The standard introduces the concept of control within the lease definition; specifically, a contract is, or contains, a lease if it grants the entity the right to control the use of an identified asset for a specified period in exchange for consideration.
In applying the standard, the lessee recognises: (i) in its statement of financial position an asset representing the right of use and a liability representing the obligation to make lease payments, for all leases with a term exceeding twelve months and whose value is not considered immaterial (the Group applies the practical expedient provided by the standard, recognising payments relating to leases that do not fall within these categories as operating costs in the income statement); (ii) in the income statement, depreciation of the recognised asset and, separately, interest on the recognised liability.

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In determining the lease term, the Group considers the non-cancellable period of the lease and the additional periods resulting from any options to extend the lease, or from the decision not to exercise the option to terminate the lease early (where there is reasonable certainty that such options will be exercised).
The lease liability is initially recognised at the present value of the remaining lease payments at the commencement date: (i) fixed payments; (ii) variable lease payments that depend on an index or a rate; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and finally (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The present value of the payments is determined using a discount rate equal to the Group's incremental borrowing rate, bearing in mind the frequency and duration of the payments provided for in the lease contract.
Following initial recognition, the lease liability is accounted for at amortised cost and remeasured, with a matching change in the value of the related right-of-use asset, when there is a change in future lease payments as a result of: (i) a renegotiation of the contract; (ii) changes in the index or rate; or (iii) changes in the assessment of whether or not the options contained in the contract will be exercised (e.g., the purchase of the leased asset, extension or termination of the lease). The right-of-use asset is initially recognised at cost, measured as the sun of the following components: (i) the amount of the initial measurement of the lease liability; (ii) any initial direct costs incurred by the lessee; (iii) any lease payments made at or before the commencement date, less any lease incentives received; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located (or restoring the underlying asset to the condition required by the terms and conditions of the lease). Following initial recognition, the right-of-use asset is adjusted to take into account (i) any accumulated depreciation, (ii) any accumulated impairment losses, and (iii) the effects of any remeasurement of the lease liability.

The Group's property, plant and equipment also includes the assets relating to private interconnectors pursuant to Law 99/2009. The legislation assigns the Group responsibility for building and operating the infrastructure on behalf of selected parties willing to finance specific interconnections in return for the benefits for them deriving from receipt of an exemption from third-party access to the transmission capacity that the related infrastructure makes available. The law also establishes that, at the end of the exemption period, generally ten years from the date of entry into service, Terna will assume ownership of the interconnections in return for payment of a fee to be set by the regulator. The existence of a binding commitment to purchase the asset means that the property, plant and equipment relating to the interconnectors are recognised as Group property. The fee agreed with the selected parties for construction and operation of the interconnector is thus accounted for as revenue for the Group's effort in arranging the transaction and for granting the right to use the asset during the exemption period.

Intangible assets

Intangible assets, which all have finite useful lives, are recognised at cost, and shown net of accumulated amortisation and any impairment losses. Amortisation begins when the asset becomes available for use and is calculated on a straight-line basis over the estimated useful life of the related asset, which is reviewed annually. Any revisions to estimated figures are applied on a prospective basis.
Intangible assets essentially consist of the concession to exclusively provide electricity transmission and dispatching services, granted to the Parent Company Terna S.p.A., on 1 November 2005, with the acquisition of the TSO business unit. As established in the Decree issued by the Ministry of Productive Activities on 20 April 2005, this concession has a 25-year term, renewable for another 25 years, from the date of effective transfer of the activities, functions, assets and legal arrangements of the concession from GSE (formerly GRTN) to Terna S.p.A. This intangible asset was initially recognised at cost, which reflected fair value.
Other intangible assets essentially refer to software developments and upgrades.
Development costs are capitalised by the Terna Group only if they can be reliably estimated and there is the technical possibility and intention to complete the intangible asset so that it will be available for use, and the asset can be used and it is possible to demonstrate that it will generate probable future economic benefits.

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Financial expenses directly attributable to the acquisition, design or production of a non-current asset which justifies capitalisation pursuant to IAS 23 are capitalised to the asset as part of its cost.
All other development costs and research expenses are recognised in the income statement when incurred. These intangible assets are amortised over their estimated residual useful life, which is normally three years, given their rapid obsolescence.

Infrastructure rights

Infrastructure includes the property, plant and equipment and intangible assets employed in dispatching activities in Italy and in the operations in Peru. These activities are carried out under concession arrangements, which fall within the scope of application of IFRIC 12, since the services provided are regulated and control exists over the residual interest. More specifically, infrastructure rights have been recognised as an intangible assets, as valued on the basis of the Intangible Asset model, given the return generated by dispatching activities thanks to the charges paid by users. These assets have a useful life of three years. The revenue and costs relating to investment in dispatching activities are recognised with reference to the contracts concerned on a stage-of-completion basis; revenue recognised during the construction phase is limited to the amount of the internal and external construction costs incurred, considering that the fair value of the construction services is equivalent to the construction cost paid to third-party contractors plus the internal cost of the technical personnel employed on such construction activities. The assets continue to be amortised and depreciated in accordance with the initial schedule.
By contrast, dispatching revenue continues to be recognised in accordance with IFRS 15 and financial expenses continue to be capitalised pursuant to IAS 23.
IFRIC 12, instead, is not applicable to the part of the Parent Company's concession arrangement relating to transmission activities, since neither the concession nor the related legislation envisages that ownership of the NTG is to be restored to the public grantor, even for a consideration.

Goodwill

Goodwill arising from the acquisition of subsidiaries is allocated to four groups of Cash Generating Units (CGUs): the first relating to the Transmission business within the Group's Regulated Activities, while the other three relate to activities within the Non-Regulated business. These comprise transformer manufacturing and marketing, the design, construction, operation and maintenance of renewable energy generation plants and cable manufacturing and marketing.

Inventories

In accordance with IAS 2, inventories are recognised and measured at the lower of cost and net realisable value. Cost is determined using the weighted average cost method, including directly attributable ancillary costs. Net realisable value represents the estimated selling price in the ordinary course of business, less the costs of completion and the estimated costs necessary to make the sale.

Contract assets/liabilities

In accordance with IFRS 15, contract assets (work in progress) are recognised within the statement of financial position under the specific line item "Contract assets" where revenue is recognised over time.
Revenue recognition is based on the cost-to-cost method, taking into account the stage of completion and expected contractual risks. The stage of completion is determined as the ratio of contract costs incurred at the reporting date to the total estimated contract costs.
Contract assets are stated as costs incurred plus recognised margins, net of associated liabilities relating to progress billings. Where the net balance is negative, the amount is classified as a liability under "Contract liabilities".

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Financial instruments

Financial assets

The new standard, IFRS 9 – Financial Instruments, effective from 1 January 2018, is divided into the following phases: classification and measurement, derecognition, impairment and hedge accounting.
In order to classify and measure financial instruments, the Group recognises financial assets at fair value inclusive of transaction costs.
Financial assets represented by debt instruments and falling within the scope of application of the standard, may be measured at amortised cost, at fair value through other comprehensive income or at fair value through the income statement of comprehensive income, depending on the business model adopted to manage the financial assets and the characteristics of the contractual cash flows.
In accordance with the provisions of IFRS 9, the Group correctly classifies these assets based on the results of so-called SSPI ("solely payments of principal and interest") tests. Under this test, assets may be recognised at amortised cost or fair value through other comprehensive income if the generate cash flows that are solely payments of principal and interest on the principal amount outstanding. This measurement is applied at the level of each individual instrument.

Specifically, the Group measures financial assets:

- at amortised cost, if the financial asset is held with the aim of collecting the contractual cash flows that meet the SPPI test, as the cash flows represent solely payments of principal and interest;
- at fair value through other comprehensive income ("FVOCI"), if the financial asset is held within a business model whose objective is achieved by collecting the contractual cash flows and by selling the financial asset, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Changes in fair value after initial recognition are recognised in other comprehensive income and recycled through profit or loss on derecognition. The government securities held by the Parent Company are included in this category;
- at fair value through profit or loss ("FVTPL"), of the asset is not held in one of the above business models. This category primarily includes derivative financial instruments held for trading and debt instruments with contractual cash flows that are not solely payments of capital and interest.

Infrastructure rights

Infrastructure rights comprise tangible and intangible assets relating to concession arrangements in Brazil, falling within the scope of IFRIC 12 – Service Concession Arrangements, as both the service regulation condition and the residual interest control condition are met. In particular, infrastructure rights are recognised as financial assets under the Financial Asset model, taking into account the tariff regime that remunerates the activity through an unconditional contractual right to receive cash or another financial asset from the grantor (or from third parties at the grantor's direction), with the grantor having no ability to avoid payment.
Revenue and expenses relating to investment activities are recognised on a contractual basis by reference to the stage of completion; revenue recognised during the construction phase includes the remuneration for such services.

Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method. Receivables with due dates that reflect normal commercial terms are not discounted.
In accordance with the provisions of IFRS 9, the Group's trade receivables fall within the hold to collect business model, as these assets are held with the objective of collecting the cash flows primarily by collecting the contractual cash flows, the receivables primarily fall due within 12 months and do not include a significant financial component, and the Group does not intend to sell such receivables.

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Trade receivables are recognised net of any losses recognised in a specific allowance for doubtful accounts (identified on the basis described in the paragraph, "Allowance for doubtful accounts"). IFRS 9 has introduced application of a model based on expected credit losses. This requires the Group to assess expected credit losses, and the related changes, at each reporting date. Specifically, the Group has applied the simplified approach permitted by IFRS 9 to trade receivables, finance lease receivables and assets deriving from contracts with customers, in order to measure the allowance for doubtful accounts based on expected losses over the life of the receivable. The Group has thus determined the amount of expected credit losses using a provisioning matrix, based on information regarding historical credit losses for similar past due exposures, adjusted to take into account current conditions and forward-looking elements.

Cash and cash equivalents

Cash and cash equivalents are recognised at nominal value and include amounts that are available on demand or readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

Trade payables

Trade payables are initially recognised at fair value and subsequently stated at amortised cost. If their due dates reflect normal commercial terms, they are not discounted.

Financial liabilities

Financial liabilities are recognised at the settlement date and measured at fair value, net of directly related transaction costs. Subsequently, financial liabilities are measured at amortised cost, using the original effective interest method. If the liabilities are covered by fair value hedges, they are adjusted to reflect changes in fair value with respect to the hedged risk. Subsequent measurement of financial liabilities depends on their classification as financial liabilities at amortised cost or at fair value through profit or loss.

Derivative financial instruments

Derivatives are recognised at fair value at the trade date.

The qualifying criteria applied in classifying derivatives as eligible for hedge accounting are as follows:

- the hedging relationship consists only of eligible hedging instruments and eligible hedged items;
- at the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the entity will assess whether the hedging relationship meets the hedge effectiveness requirements (including its analysis of the sources of hedge ineffectiveness and how it determines the hedge ratio);
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part of a hedging relationship) ceases to meet the qualifying criteria. This includes instances when the hedging instrument expires or is sold, terminated or exercised. For this purpose, the replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if such a replacement or rollover is part of, and consistent with, the entity's documented risk management objective.

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For hedge accounting purposes, there are three types of hedge:

- fair value hedges when the hedge regards the exposure to changes in the fair value of the recognised asset or liability or there is an unrecognised firm commitment;
- cash flow hedges when the hedge regards the exposure to variability in cash flows that is attributable to a particular risk associated with all of the recognised asset or liability or a highly probable forecast transaction or the exchange rate risk on an unrecognised firm commitment;
- the hedge of a net investment in a foreign operation.

When derivatives cover the risk of changes in the cash flows of the hedged instruments (cash flow hedges), the portion of changes in the fair value qualifying as effective is initially recognised in "Other comprehensive income" (accumulated in equity) and subsequently in profit or loss, as the cash flows from the hedged item affects the income statement. The portion of the fair value of the hedging instrument that does not qualify as effective is recognised in profit or loss.
When hedging derivatives cover the risk of changes in the fair value of hedged instruments (fair value hedges), they are recognised at fair value in profit or loss. Accordingly, the hedged items are adjusted to reflect changes in the fair value associated with the hedged risk.
Changes in the fair value of derivatives that do not meet hedge accounting requirements in accordance with the IFRS are recognised in profit or loss.
Fair value is measured on the basis of official quotations for instruments traded in regulated markets. The fair value of instruments not traded in regulated markets is measured by discounting projected cash flows along a yield curve prevailing in the market at the reporting date, and by translating amounts in currencies other than the euro at closing exchange rates.
Financial and non- financial contracts (which are not already measured at fair value) are also analysed to identify any embedded derivatives, which must be separated and measured at fair value.
This analysis is conducted at the time the entity becomes party to the contract or when the contract is renegotiated in a manner that produces a material change in the original associated cash flows.

Hybrid bonds

Issues of non-convertible, perpetual hybrid bonds are classified as equity instruments. These are in fact instruments that allow Terna to defer coupon payments over time and whose early redemption is permitted on the occurrence of certain events or at the reset date. These instruments cannot be converted into shares and, in the event of the Company's liquidation, winding up or insolvency, interest payments are subordinated to all the issuer's other payment obligations.
The proceeds received from the sale of the instruments and subsequent returns of capital are accounted for as an increase or a reduction in equity, respectively, in compliance with the requirements applicable to equity instruments in IAS 32. Interest expense, at the time the payment obligation arises, is recognised as a reduction in equity.

Non-current assets held for sale

Non-current assets and current and non-current assets included in disposal groups are classified as held for sale if their carrying amount is to be recovered primarily through sale rather than through continued use. This classification only applies if the non-current assets (or disposal groups) are available for immediate sale in their present condition and the sale is highly probable. An entity that is committed to a sale plan involving loss of control of a subsidiary must classify all the assets and liabilities of that subsidiary as held for sale, regardless of whether the entity will retain a non-controlling interest in its former subsidiary after the sale. The assessment of whether or not the conditions have been met for classification of an asset as held for sale requires management to make a subjective judgement, using reasonable and realistic assumptions based on the available information.

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Non-current assets held for sale, current and non-current assets included in disposal groups and the directly attributable liabilities are recognised in the statement of financial position separately from the entity's other assets and liabilities.
Before their classification as held for sale, the assets and liabilities included in a disposal group are measured in accordance with the applicable accounting policies. Subsequently, the non-current assets held for sale are no longer subject to depreciation or amortisation and are measured at the lower of carrying amount and fair value less costs to sell. If the carrying amount of the non-current assets is lower than fair value less costs to sell, the entity must recognise an impairment loss. The entity must recognise a gain for any subsequent increase in fair value less costs to sell of the assets, but not in excess of the cumulative impairment loss previously recognised, including those recognised prior to the assets' classification as held for sale.
Non-current assets and disposal groups classified as held for sale constitute a discontinued operation if they: i) represent a major line of business or geographical area of operations; ii) are part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or iii) relate to a subsidiary acquired exclusively with a view to resale.
Profits and losses from discontinued operations, and any gains or losses realised following the sale, are shown in a separate line item in the income statement, net of any tax, with amounts for comparative periods also shown.
When events no longer permit the entity to classify the non-current assets or disposal groups as held for sale, the assets or disposal groups must be reclassified to the respective items in the statement of financial position and recognised at the lower of: (i) their carrying amount at the date of classification as held for sale; and (ii) the recoverable amount at the date of reclassification.

On 29 April 2022, Terna S.p.A., Terna Plus S.r.l. and Terna Chile S.p.A. signed an agreement with CDPQ, a global investment group, for the sale of all the Group's power line assets, approximately 1,200 km, in Brazil, Peru and Uruguay. On 7 November 2022, the first transaction closing for the Brazilian companies, "SPE Santa Maria Transmissora de Energia S.A.", "SPE Santa Lucia Transmissora de Energia S.A." and "SPE Transmissora de Energia Linha Verde II S.A.", owners of three power lines in Brazil, totalling 670 km, was completed. The value of the assets being sold (the equity value) is more than €145 million. On 22 December 2022, the transaction closing for Difebal S.A., the owner of a power line in Uruguay, totalling 214 km, was completed. The value of the assets being sold (the equity value) is more than €27 million. The disposal of the remaining projects in Brazil (scheduled for 2024) and Peru will be completed in multiple stages, subject to the fulfilment of the conditions set out in the agreement.
In accordance with the agreement entered into on 29 April 2022, and following the fulfilment of the conditions set forth therein, on 18 November 2024 the third closing was finalised for the sale to CDPQ of SPE Transmissora de Energia Linha Verde I S.A., the owner of a power line in Brazil totalling approximately 150 km.

With reference to the disposal of the project in Peru, following the inability to proceed with the sale process to CDPQ due to the negative outcome of the purchaser's qualification procedure communicated by the competent authority – MINEM, the Group has initiated discussions with another operator, which has submitted a binding offer for the acquisition of the Peruvian project, which is expected to be completed within 12 months.

Following the above transaction, in accordance with IFRS 5- Non-current Assets Held for Sale and Discontinued Operations, the consolidated assets and liabilities of the companies for which the sale process has yet to complete are included in "Assets held for sale" and in "Liabilities related to assets held for sale" in the consolidated statement of financial position for 2025 and 2024. In the consolidated income statement, the consolidated profit/(loss) of the companies included in the transaction, for the years ended 31 December 2025 and 31 December 2024, is presented as "Net profit/(loss) for the year from assets held for sale".

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Employee benefits

The liability associated with employee benefits payable on or after termination of employment relate to defined benefit plans (deferred compensation benefits, additional months' pay[30], payment in lieu of notice[31], energy discounts, ASEM health cover and other benefits) or with other long-term employee benefits (loyalty bonuses) is recognised net of any plan assets. The liability is measured separately for each plan on the basis of actuarial calculations that estimate the amount of vested future benefits that employees have accrued at the reporting date. The liability is recognised on an accruals basis over the vesting period. The valuation of the liability is performed by independent actuaries.

Share-based payments

Given that they are substantially a form of remuneration, personnel expenses include the cost of share-based incentive plans. The cost of the incentive is measured on the basis of the fair value of the equity instruments granted and the expected number of shares to be effectively awarded. The accrued amount for the period is determined on a straight-line basis over the vesting period, being the period between the grant date and the date of the award. The fair value of the shares underlying the incentive plan is measured at the grant date, based on the expected satisfaction of the performance conditions associated with market conditions and is not subject to adjustment in future periods. When receipt of the benefit is linked to non-market conditions, the estimate relating to these conditions is reflected and the accrual's number of shares expected to be awarded is adjusted over the vesting period. If, at the end of the vesting period, the plan does not result in the award of any shares to beneficiaries due to the failure to satisfy the performance conditions, the portion of the cost linked to market conditions is not reversed through the income statement.

Provisions for risks and charges

In accordance with IAS 37, provisions set aside for risks and charges are recognised when, at the reporting date, the Company has a legal or constructive obligation as the result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the disbursement. Where the effect is material, provisions are made by discounting estimated future cash flows using a discount rate that reflects current market rates and the specific risk applicable to the obligation, if any. Where discounting is used, the increase in the provisions due to the passage of time is recognised in the income statement as a financial expense. If it relates to property, plant and equipment (site disposal and restoration, for example), the provision is recognised as a contra entry to the asset to which it relates. The expense is recognised in the income statement through depreciation of the item of property, plant and equipment to which it relates.

Changes in the estimates are recognised in the income statement for the year in which the change occurs, except for the expected costs of dismantling, removal and restoration resulting from changes in the timing and use of the economic resources necessary to extinguish the obligation or are attributable to a material change in the discount rate. These costs are recognised as an increase or reduction in the related assets and recognised in the income statement through depreciation.

Government grants

In accordance with IAS 20, government grants are recognised when there is reasonable certainty that they will be received and that the Group will meet all the conditions governing their award. Grants received in relation to specific assets whose value is recognised under non-current assets are recognised, in the case of plant already in operation at 31 December 2002, among other liabilities and taken to the income statement over the depreciation period for the assets in question. Since the 2003 financial year, grants relating to new assets brought into operation are recognised as a direct reduction of the related assets.

Grants related to income are recognised in the income statement when the conditions for recognition are met.

[30] Additional months' pay.
[31] Payment in lieu of notice.

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Revenue

The Group's revenue can be categorised as follows:

- **Revenue from sales and services**, including revenue from contracts with customers and therefore falling within the scope of IFRS 15. In accordance with the provisions of IFRS 15, revenue from contracts with customers is recognised when the performance obligations identified in the contract are satisfied and control over the goods or services is transferred to the customer for an amount that reflects the consideration that the Group expects to receive in exchange for the goods or services. The standard envisages two methods for identifying the correct time at which to recognise the revenue attributable to each performance obligation: at contract inception, the Group determines if the goods or services covered by the performance obligation will be transferred to the customer over a period of time or at a point in time:

- Revenue from the sale of goods is recognised when control of the goods is transferred to the customer (at a point in time). The Group determines if there are other promises in the contract representing a performance obligation to which a part of the transaction consideration must be allocated. In determining the sale price, the Group takes into account the effects of a variable consideration, significant financial components, non-monetary components and amounts to be paid to the customer (if present);
- Revenue from services is recognised with reference to the stage of completion of the activity, in accordance with the provisions of IFRS 15 (over a period of time). For work in progress, the stage of completion is determined using the percentage of completion method based on costs incurred (cost-to-cost), which compares costs incurred to date with the total estimated costs required to complete the project. This approach allows revenue to be recognised in proportion to the actual progress of the work.

Revenue from sales and services also includes "pass-through" revenue and expenses originating from the purchase and sale of energy from and to electricity market operators. The regulatory framework requires that such expenses and revenue must always amount to zero, via a pro rata charge to each consumer for the net cost resulting from the measurement of imbalances and purchase and sale transactions, carried out by Terna on the Dispatching Services Market, through a specific fee known as an uplift payment. Terna receives compensation for this activity through specific revenue for providing the dispatching service. Given that Terna does not have the power to set the prices of DSM transactions, this revenue is presented net of the related costs.

Revenue from sales and services also includes output-based incentives, as defined by ARERA, for both transmission and dispatching activities. The incentive mechanisms fall within the scope of application of IFRS 15. If the counterparties through which Terna collects an incentive are not active in the market in the year in which achievement of the targets underlying the incentive scheme is confirmed, IFRS 15 is applied in accordance with the analogy-based approach provided for in IAS 8, as confirmed with reference to the Conceptual Framework for Financial Reporting.
If the mechanism includes a significant financial component, the amounts recognised in the financial statements are discounted to present value. Based on the specific nature of each mechanism, the Group assesses whether the performance obligation is satisfied over a period of time or at a point in time, also taking into account whether or not the right is subject to confirmation or verification by the regulator, ARERA.

- **Other revenue and income**, which includes revenue from lease arrangements and other residual forms of revenue, included within the scope of application of IFRS 15, deriving from sales of goods not forming part of the Group's ordinary activities.

Costs

Costs are recognised on an accrual basis and are recorded in the financial period to which they relate. They are recognised in the period when they relate to goods and services sold or used in that period, or when they are allocated systematically over multiple periods, or when it is not possible to reliably identify any future economic benefit associated with them.

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Financial income and expenses

Financial expenses directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. For the purposes of capitalisation, qualifying tangible and intangible assets are those that require a period of one year or more before being ready for use. Financial expenses directly attributable are those that would not have been incurred if the expenditure on the asset had not been made.
Where funds are borrowed specifically, the costs eligible for capitalisation are the actual costs incurred less any income earned on the temporary investment of such borrowings. Where loans are obtained for general purposes, the eligible amount is determined by applying a capitalisation rate to the expenditure on that asset equal to the weighted average of the financial expenses applicable to the borrowings outstanding for the year, excluding any specifically borrowed funds.
The amount of capitalised financial expenses during a year will in any case not exceed the amount of financial expenses incurred during that year.
Capitalisation commences as from the date all the following conditions are first met: (a) expenditure has been incurred for the asset; (b) financial expenses have been incurred; and (c) the activities involved in preparing the asset for its intended use or sale are in progress.
Capitalisation ceases when the activities involved in preparing the asset for its intended use or sale are substantially complete.
The average capitalisation rate used for 2025 is approximately 2.8% (2.6% for 2024).
Financial income and expenses other than capitalised amounts are recognised on an accruals basis in respect of the interest on the net value of the related financial assets and liabilities, using the effective interest rate.

Own shares

Treasury shares, including those held to service share-based incentive plans, are recognised at cost and accounted for as a reduction in equity. Any gains or losses resulting from the later sale of such shares are recognised in equity.

Dividends

Dividends from equity investments are recognised when the shareholders' right to receive payment becomes unconditional. Dividends and interim dividends payable to shareholders are shown as changes in equity at the date in which they are approved by the General Meeting of shareholders and the Board of Directors, respectively.

Earnings per share

In accordance with IAS 33, basic earnings per share are calculated by dividing the profit or loss for the year attributable to holders of ordinary shares, net of the effect of interest paid to holders of subordinated perpetual hybrid bonds and the related tax effect, by the weighted average number of ordinary shares outstanding during the year, excluding own shares.
Diluted earnings per share are calculated by dividing net profit, adjusted for interest on subordinated perpetual hybrid instruments and the related tax effect, by the weighted average number of shares in issue during the period, excluding own shares, increased by the number of shares that may be issued.

Income taxes

IAS 12 sets out the requirements for the recognition of current and deferred tax assets and liabilities. Current income taxes are recognised as "Tax liabilities", net of advances paid, or "Income tax assets" where the net balance of the items is positive. They are based on the estimated taxable income and in accordance with current legislation, taking account of applicable exemptions.

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Deferred tax assets and liabilities are calculated on temporary differences between the carrying amounts of assets and liabilities recognised in the financial statements and the corresponding amounts recognised for tax purposes, using current tax rates or the rates expected to be in effect when the temporary differences reverse, based on rates approved at the reporting date.
Deferred tax assets are recognised when their recovery is considered probable, i.e. when future taxable income will be available against which the asset can be used. The recoverability of deferred tax assets is reviewed at the end of each year. Deferred tax liabilities are recognised in any case if they exist. Taxes relating to items recognised directly in the statement of comprehensive income are also allocated to the statement of comprehensive income.

New accounting standards

International accounting standards effective as of 1 January 2025

A number of new amendments to standards already applied, none of which have had a significant impact, came into effect from 1 January 2025. The pillars are as follows:

Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

On 15 August 2023, the IASB published an amendment entitled “Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability”. The document clarifies the criteria for assessing when one currency is not convertible into another, defines how to estimate the exchange rate, and sets out the disclosure requirements to be provided in the notes to the financial statements. The document requires an entity to consistently apply a methodology to determine currency convertibility and, in the case of non-exchangeability, to estimate the exchange rate and provide relevant disclosures. The changes have not had a significant impact on the Group’s consolidated financial statements.

International accounting policies, amendments and interpretations endorsed but yet to come into effect

As at the reporting date of this document, the competent bodies of the European Union have completed the endorsement process required for the adoption of the amendments and standards described below; however, such standards are not yet mandatorily applicable and have not been early adopted by the Group as at 31 December 2025.

Amendment to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments

The amendment, published on 30 May 2024, clarifies a number of problematic issues arising from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary when ESG objectives are met (e.g. green bonds). With these amendments, the IASB has also introduced additional disclosure requirements, in particular with respect to investments in equity instruments designated at FVOCI.
The amendments will be effective for financial years beginning on or after 1 January 2026, although early adoption is permitted.

Amendment to IFRS 9 and IFRS 7: Contracts Referencing Nature-dependent Electricity

This amendment, published on 18 December 2024, aims to help companies provide a better disclosure of the financial effects of contracts structured as Power Purchase Agreements (PPAs). The amendments will apply to financial statements for financial years beginning on or after 1 January 2026, although early adoption is permitted.

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Annual Improvements Volume 11

On 18 July 2024, the IASB published Annual Improvements to IFRS Accounting Standards - Volume 11, which contains clarifications, simplifications, corrections and amendments to IFRS accounting policies aimed at improving their consistency. The accounting standards affected are: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statement of Cash Flows. The amendments will become effective from 1 January 2026, although early adoption is permitted.

International Accounting Standards, amendments or interpretations in the process of being endorsed at 31 December 2025

For newly issued amendments, standards and interpretations that have not yet been endorsed by the EU, but which address issues that affect or could affect the Terna Group, assessments are currently being conducted of the possible impact of their application on the financial statements, taking into account the date on which they will take effect. In particular:

IFRS 18 Presentation and Disclosure in Financial Statements

The standard, issued on 9 April 2024, aims to improve the presentation of financial performance in terms of comparability, transparency and usefulness of the information provided through the financial statements, introducing significant changes to their structure, particularly with reference to the income statement.
The amendment is effective from 1 January 2027, although early adoption is permitted.
IFRS 18 replaces IAS 1 Presentation of Financial Statements and establishes new requirements for the presentation of the statement of profit or loss, including the introduction of defined totals and subtotals.

In particular, the new standard requires:

- revenue and expenses to be classified into three new categories (operating, investing and financing), in addition to the existing categories relating to income taxes and discontinued operations already included in the income statement;
- to present two additional subtotals, operating profit and profit before interest and tax (i.e. EBIT).

The standard also requires disclosure based on the new definition of management-defined performance measures (MPMs), which are subtotals of income and expenses, and introduces new requirements for the aggregation and disaggregation of financial information based on the identified roles of the “primary financial statements” (PFS) and the notes.
IFRS 18, together with the related amendments to other accounting standards, will apply to financial years beginning on or after 1 January 2027; early adoption is permitted, subject to appropriate disclosure. The standard will be applied retrospectively.
The Group is currently evaluating the potential impacts of adopting IFRS 18 on its financial statements and note disclosures, and is monitoring ongoing discussions at the IFRS Interpretations Committee and any guidance provided by ESMA.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

On 9 May 2024, the IASB issued the new standard IFRS 19 – Subsidiaries without Public Accountability: Disclosures, together with the Amendments to IFRS 19 published on 21 August 2025. The standard aims to simplify disclosure requirements in the notes to the financial statements for entities without public accountability that are subsidiaries of groups applying International Financial Reporting Standards. The amendment sets out simplifications designed to reduce the costs of preparing the financial statements of subsidiaries, while maintaining the usefulness of the information for users of financial statements.
The amendment is effective from 1 January 2027, although early adoption is permitted.

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B. Notes to the consolidated income statement

Revenue

1. Revenue from sales and services - €3,950.9 million

(€/m)

	2025	2024	CHANGE
CTR fee for network use	2,794.1	2,408.7	385.4
Dispatching and metering fees and other energy-related revenue	175.3	153.8	21.5
Incentives on dispatching and transmission activities	123.8	361.0	(237.2)
Revenue from services performed under concession	121.0	112.9	8.1
Quality of service	16.7	20.5	(3.8)
Other sales and services	720.0	559.3	160.7
TOTAL	**3,950.9**	**3,616.2**	**334.7**

CTR fee for network use

The grid utilisation fee refers to the remuneration for the ownership and operation of the National Transmission Grid pertaining to the Parent Company (€2,604.8 million) and the subsidiaries Rete S.r.l. (€171.5 million) and Terna Crna Gora d.o.o. (€17.9 million).
The increase in this item (up €385.4 million) is primarily driven by:

- the recognition of the fast money component determined on the basis of the conventional capitalisation rate defined under the ROSS framework;
- the reduction in the timeframe for tariff recognition of depreciation relating to investments made from 2024 onwards;
- the recognition of the tariff decoupling adjustment for 2024 (ARERA Resolution no. 573/2025/R/eel), and the estimate of the tariff decoupling adjustment for 2025, also including the effect of the new parameters for the revaluation of the cost of capital (ARERA Resolution no. 130/2025/R/eel);
- an increase in the RAB and, at the same time, a reduction in the WACC, from 5.8% in 2024 to 5.5% in 2025.

Dispatching and metering fees and other energy-related revenue

This item regards fees received in return for providing dispatching and metering services (the dispatching component, amounting to €169.3 million, and the metering component, amounting to €3.7 million) and other energy-related revenue of €2.2 million. The line item increased by €21.5 million compared with the previous year, mainly attributable to the update of dispatching charges provided for under Resolution no. 579/2024.

Incentives on dispatching and transmission activities

This item consists of output-based incentives relating to dispatching and transmission activities, amounting to a total of €123.8 million.
The incentives relate to the portion attributable to the period of the incentive mechanism introduced by Resolution no. 326/2024, aimed at reducing balancing market (DSM) costs, wind curtailment and system essentiality over the 2025–2027 period, as well as to the development of additional interzonal transmission capacity, for the portion of the incentive provided under ARERA Resolutions no. 473/2023/R/eel, no. 445/2024/R/eel, no. 420/2025/R/eel and no. 440/2025/R/eel.
Resolution no. 326/2024 updates the incentive mechanism by determining the reward on an annual basis through comparison between the dispatching costs actually incurred in the incentive year and the relevant baseline. The amount recognised is limited to the portion deemed highly probable and not subject to significant adjustments.

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The item decreased by €237.2 million compared with the previous year, due to the reduction in incentives linked to dispatching efficiency (ARERA Resolutions no. 597/2021/R/eel, no. 132/2022/R/eel and no. 326/2024/R/eel), substantially offset by higher incentives related to the scheme for the development of incremental interzonal capacity.

Revenue from services performed under concession

This item includes revenue from infrastructure construction and upgrade services performed under concession, recognised in application of IFRIC 12, amounting to €121.0 million.
The increase compared with the previous year, amounting to €8.1 million, regards greater investment in dispatching infrastructure during the period.

Quality of service

The item, amounting to €16.7 million, reflects the valuation of the RENS (Reference Energy Not Supplied) incentive mechanism provided for by Resolution no. 653/2015/R/eel, recognised on a pro-rata basis taking into account estimates of the overall results expected over the 2020-2026 period.
The item decreased by €3.8 million compared with the previous financial year, following the extension of the incentive mechanism until 2026 (Resolution no. 573/2025).

Other sales and services

The item, “Other sales and services”, amounting to €720.0 million, mainly regards revenue from Non-regulated Activities, regarding:

- the sale of transformers by the subsidiary, Tamini (€218.2 million);
- revenue contributed by the Brugg Group, essentially relating to contracts with third parties for the supply of cables and accessories (€186.6 million);
- Energy Services segment (€254.5 million), notably €42.1 million relating to high-voltage services and €212.4 million to Smart Grids, including the contribution of the Altenia Group, specialised in the operation and maintenance of photovoltaic plants (€204.6 million);
- Connectivity (€35.0 million) with specific regard to support and housing services for fibre networks (€29.0 million) and fibre maintenance (€6.0 million);
- revenue for connection services to the National Transmission Grid (€15.7 million).

The item shows an increase of €160.7 million compared with 2024, mainly attributable to the higher contribution from the Tamini Group (up €54.3 million), the Brugg Group (up €20.4 million) and higher revenue from Energy Services activities (up €84.9 million, mainly relating to the recognition of revenue from the subsidiary Ste Energy S.r.l., acquired during the year). Lower revenue was also posted for connection services to the National Transmission Grid (down €0.2 million).

Pass-through revenue/expenses

The item includes pass-through revenue and expenses with a net nil impact on profit or loss, relating to dispatching activities and the security of the electricity system carried out by Terna. The reform of the Integrated Dispatching Code (TIDE) has comprehensively reorganised the charges relating to dispatching economic items, redefining their scope and structure and splitting the former Uplift into Uplift and Uplift Other components. Costs incurred by Terna are recovered through charges applied to Balance Responsible Parties (BRPs), which in turn pass them on to customers in accordance with their contractual terms.

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The table below presents all costs incurred during the year together with the related charges intended to cover them.

(€/m)

	2025	2024	CHANGE
- Revenue from UPLIFT charges to cover the costs of procuring global national ancillary services (Art. 4-25.3 of TIDE)	704.4	400.3	304.1
- Balance from OTHER charges to cover additional economic items relating to the dispatching service (Art. 4-25.8 of TIDE)	(104.0)	-	(104.0)
- Balancing Market and redispatching costs (MBR)	(704.4)	(677.1)	(27.3)
- Net balance of income and expenses relating to the items referred to in Article 4-25.8.2 of TIDE	104.0	276.8	(172.8)
- Revenue from MOD RID charges to cover the costs of remuneration for upward extraordinary modulation services and demand reduction services (Art. 4-25.6 of TIDE)	506.0	473.0	33.0
- Costs for the remuneration of extraordinary modulation services and demand reduction services	(506.0)	(473.0)	(33.0)
- Revenue from UESS charges to cover the costs of plants essential for system security (Art. 4-25.4 of TIDE)	543.9	568.4	(24.5)
- Costs relating to facilities essential to system security	(543.9)	(568.4)	24.5
- Revenue from M PROD charges to cover the costs of curtailed generation from non-programmable renewable energy plants (Art. 4-25.7 of TIDE)	38.5	22.1	16.4
- Costs of compensation for curtailed generation from non-programmable renewable energy plants (FERNP)	(38.5)	(22.1)	(16.4)
- Revenue from capacity charges to cover net procurement costs – Capacity Market (Art. 14.3, Annex A of the Resolution 98/11)	2,140.5	1,645.1	495.4
- Net charges for capacity procurement (Art. 14.1, Annex A of the Resolution 98/11)	(2,140.5)	(1,645.1)	(495.4)
- Revenue from Transitional Safeguard reintegration charges (Art. 25.1, Annex A of Resolution no. 618/23; Art. 25-bis of TIS)	70.1	74.2	(4.1)
- Negative component payable to CSEA for Transitional Safeguard reintegration charges	(70.1)	(74.2)	4.1
- Revenue from dispatching charges for withdrawal points relating to end customers connected at low voltage (Art. 23.1, Annex A of Resolution no. 618/23; Art. 25 of TIS)	27.9	(119.9)	147.8
- Negative component payable to CSEA arising from dispatching charges for low-voltage withdrawal points	(27.9)	119.9	(147.8)

2. Other revenue and income – €82.1 million

(€/m)

	2025	2024	CHANGE
Sales to third parties	14.7	12.0	2.7
Sundry grants	10.5	7.8	2.7
Revenue from IRU contracts for fibre	8.8	7.5	1.3
Private Italy-France interconnector	8.3	8.3	-
Private Italy-Montenegro interconnector	6.4	6.4	-
Insurance proceeds as compensation for damages	5.4	3.5	1.9
Gains on sale of infrastructure components	4.6	5.8	(1.2)
Rental income	2.5	2.6	(0.1)
Private Italy-Austria interconnector	1.6	1.6	-
Other revenue	19.3	8.5	10.8
TOTAL	**82.1**	**64.0**	**18.1**

"Other revenue and income", amounting to €82.1 million, include the revenue detailed in the table below and show an increase of €18.1 million compared with the previous year, mainly attributable to the combined effect of:

- increased activities related to the re-routing of power lines requested by third parties (up €2.7 million);
- higher revenue from insurance reimbursements for damage to plants (up €1.9 million, mainly related to the parent company);
- higher miscellaneous revenue (up €10.8 million), primarily relating to the recognition of regulated revenue of the subsidiary Rete 2 S.r.l., transferred from the Acea Group as remuneration for the management and maintenance of assets (up €6.1 million).

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Operating costs

3. Raw and consumable materials used – €352.7 million

This item includes the value of the various materials and equipment used in the ordinary operation and maintenance of the plant belonging to the Group and third parties, and the materials consumed primarily in relation to the Equipment and Energy Services businesses.
The increase compared with the previous year (up €47.5 million) is mainly attributable to higher material costs of the Altenia Group (up €43.9 million, relating to the recognition of costs of the subsidiary Ste Energy S.r.l., acquired during the year), the Brugg Cables Group (up €7.7 million) and the Tamini Group (up €7.2 million), partly offset by lower material costs related to the construction and development of concession infrastructure recognised under IFRIC 12 (down €7.3 million).

4. Services – €428.4 million

(€/m)

	2025	2024	CHANGE
Maintenance and sundry services	174.6	145.9	28.7
Tender costs for plant	131.9	105.1	26.8
IT services	60.6	48.3	12.3
Insurance	20.8	21.4	(0.6)
Lease expense	30.2	25.2	5.0
Remote transmission and telecommunications	10.3	8.5	1.8
TOTAL	**428.4**	**354.4**	**74.0**

The item, totalling €428.4 million, increased by €74.0 million compared with the 2024 figure (€354.4 million), primarily driven by higher costs associated with the construction and development of concession assets accounted for under IFRIC 12 (up €10.5 million, notably higher IT service costs of €11.2 million, partly offset by lower maintenance costs of €1.2 million) and by increased activity and new initiatives carried out by the Group, particularly within the Altenia Group (up €42.1 million, mainly due to the recognition of costs of the subsidiary Ste Energy S.r.l., acquired during the year), the Tamini Group (up €8.0 million) and the Brugg Group (up €3.7 million).
Fees payable to members of the Board of Statutory Auditors amount to €0.7 million whilst those payable to members of the Supervisory Board set up in compliance with Legislative Decree 231/2001 amount to €0.7 million.

5. Personnel expenses – €434.3 million

(€/m)

	2025	2024	CHANGE
Salaries, wages and other short-term benefits	572.1	525.5	46.6
Termination benefits (TFR), energy discounts and other employee benefits	32.0	27.1	4.9
Early retirement incentives	8.9	14.8	(5.9)
Directors' remuneration	2.5	2.5	-
Gross personnel expenses	***615.5***	***569.9***	***45.6***
Capitalised personnel expenses	(181.2)	(160.6)	(20.6)
TOTAL	**434.3**	**409.3**	**25.0**

Personnel expenses for 2025, amounting to €434.3 million, include the costs detailed in the table and show an increase of €25.0 million compared with the previous year (€409.3 million), mainly attributable to an increase in average workforce, partially offset by higher capitalised costs.

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The following table shows the Terna Group's workforce by category at the end of the year and the average for the year.

	AVERAGE WORKFORCE		WORKFORCE AT	
	2025	2024	**31.12.2025**	31.12.2024
Senior managers	99	103	110	99
Middle managers	990	928	1,029	951
Office staff*	3,991	3,512	4,219	3,735
Blue-collar workers*	1,688	1,604	1,759	1,635
TOTAL	**6,768**	**6,147**	**7,117**	**6,420**

** The figures at 31 December 2024 have been restated to reflect the correct allocation by category, without changing the overall balance of personnel.*

The net increase in the average workforce compared with 2024 is +621. This is essentially linked to the requirements relating to delivery of the investment programme included in the 2024-2028 Industrial Plan Update.

At 31 December 2025, the Terna Group's workforce breaks down as follows:

	TERNA S.P.A.	TERNA RETE ITALIA S.P.A.	TERNA ENERGY SOLUTIONS S.R.L.	TERNA PLUS S.R.L.	RETE 2 S.R.L.	GRUPPO TAMINI	GRUPPO ALTENIA	GRUPPO BRUGG	TERNA CRNA GORA D.O.O.	TERNA PERU S.A.C.
Unit	1,549	4,114	38	3	19	438	433	508	12	3

6. Amortisation, depreciation and impairment losses – €960.9 million

(€/m)

	2025	2024	CHANGE
Amortisation of intangible assets	189.3	163.0	26.3
- of which rights on infrastructure	*48.9*	*45.6*	*3.3*
Depreciation of property, plant and equipment	757.1	706.5	50.6
Impairment losses on property, plant and equipment and intangible assets	14.5	14.7	(0.2)
Impairment losses on trade receivables	-	4.8	(4.8)
TOTAL	**960.9**	**889.0**	**71.9**

Amortisation, depreciation and impairment losses, amounting to €960.9 million (of which €23.1 million recognised under IFRS 16), increased by €71.9 million compared with 2024, mainly due to the commissioning of new assets, primarily of the Parent Company (up €63.3 million), net of lower impairment losses for the period.

7. Other operating costs - €66.8 million

(€/m)

	2025	2024	CHANGE
Indirect taxes and local taxes and levies	11.6	11.2	0.4
Fees paid to regulators and membership dues	11.2	9.8	1.4
Quality of service costs	3.8	2.5	1.3
Adjustment of provisions for litigation and disputes	0.3	(1.1)	1.4
Other operating costs	39.9	22.5	17.4
TOTAL	**66.8**	**44.9**	**21.9**

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Other operating costs of the Group, amounting to €66.8 million, include the costs detailed in the table and show an increase of €21.9 million, mainly due to higher other expenses (up €17.4 million), in particular relating to the Tamini Group for provisions for risks for the year concerning the product warranty provision and customer penalties provision (up €7.4 million), as well as the recognition of additional costs of the subsidiary Ste Energy S.r.l., acquired during the year (up €4.5 million).
There were also increases in membership fees and contributions to authorities, bodies and associations relevant to the Group's activities (up €1.4 million), as well as higher net other losses (up €1.8 million).

8. Financial income/(expenses) – (€188.5) million

(€/m)

	2025	2024	CHANGE
FINANCIAL EXPENSES			
Interest expense on borrowings and related hedges	(395.7)	(348.6)	(47.1)
Adjustment of borrowings and related hedges	(1.2)	(0.5)	(0.7)
Discounting of receivables, employee benefits, operating leases and other liabilities	(11.6)	(11.2)	(0.4)
Capitalised financial expenses	121.7	74.2	47.5
Foreign exchange losses	(1.1)	-	(1.1)
Other financial expenses	(15.5)	(46.0)	30.5
Total expenses	**(303.4)**	**(332.1)**	**28.7**
FINANCIAL INCOME			
Interest income and other financial income	94.9	125.6	(30.7)
Implementation of output-based incentives	20.0	31.0	(11.0)
Foreign exchange gains	-	0.1	(0.1)
Total income	**114.9**	**156.7**	**(41.8)**
TOTAL	**(188.5)**	**(175.4)**	**(13.1)**

Net financial expenses for the year stood at €188.5 million, mainly attributable to the parent company (€157.5 million). The increase in net financial expenses compared to 2024, amounting to €13.1 million, primarily reflects:

- higher financial expenses of €47.1 million, mainly attributable to new debt contracted during the year;
- lower financial income of €30.7 million as a result of reduced returns on cash and other financial assets;
- a decrease in other financial expenses of €30.5 million, mainly attributable to the lower effect of the remeasurement of the contingent liability for the acquisition of the 11.0% minority interest in the subsidiary Altenia S.r.l. (down €26.8 million);
- and lower income from the unwinding of the discount on receivables relating to incentives for dispatching cost reductions, amounting to €11.0 million;
- an increase in capitalised expenses (up €47.5 million) due to increased investment during the period;

9. Share of profit/(loss) of investments accounted for using the equity method – (€7.0) million

The item, amounting to €7.0 million, shows an increase of €3.1 million compared with the previous year (€3.9 million), mainly attributable to higher income recognised from the remeasurement of the investment in the associate CESI.

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10. Income tax for the year – €495.2 million

Income taxes for the year amount to €495.2 million and increased by €40.2 million compared with the previous year, mainly attributable to higher profit before tax and an increase in non-deductible expenses recognised during the period. The effective tax rate is 30.8%, slightly up from 30.2% in the previous year, reflecting higher one-off items in 2025, offset by higher non-deductible costs recognised in the prior year.

(€/m)

	2025	2024	CHANGE
Income tax for the year			
Current tax expense:			
- IRES (corporate income tax)	435.9	410.9	25.0
- IRAP (regional tax on productive activities)	99.4	94.6	4.8
Total current tax expense	**535.3**	**505.5**	**29.8**
Temporary differences:			
- deferred tax assets	(62.8)	(57.3)	(5.5)
Reversal of temporary differences:			
- deferred tax assets	14.2	8.3	5.9
- deferred tax liabilities	(3.8)	(3.0)	(0.8)
Total deferred tax (income)/expense	**(52.4)**	**(52.0)**	**(0.4)**
Other one-off effects	12.3	1.5	10.8
TOTAL	**495.2**	**455.0**	**40.2**

Current taxes (€535.3 million) increased over the previous year, due to higher pre-tax profit and higher non-deductible costs.

Deferred tax assets and liabilities (down €52.4 million) are broadly in line with the previous year and reflect the tax effects of depreciation, movements in provisions for risks and charges and employee benefits recognised by the Group during the year. In order to better illustrate the reconciliation between the effective tax expense and the theoretical tax expense, the following table presents the reconciliation between profit before tax, operating profit and income taxes for the year.

(€/thousands)

	TAXABLE INCOME	TAX	% CHANGE
Profit before tax	1,608.4		
IRES rate		386.0	24.0%
THEORETICAL IRES		**386.0**	**24.0%**
Permanent differences in IRES:			
Other increases/(decreases)		(5.8)	(0.4%)
TOTAL IRES		**380.2**	**23.6%**
Other one-off effects		18.6	1.2%
TOTAL IRES NET OF ONE-OFF EFFECTS		**398.8**	**24.8%**

(€/thousands)

	TAXABLE INCOME	TAX	% CHANGE
Operating profit	1,789.9		
IRAP rate (5.08% on operating income)		90.9	5.1%
THEORETICAL IRAP		**90.9**	**5.1%**
Permanent differences in IRAP:			
Other permanent differences (IRAP tax base)		8.4	0.5%
TOTAL IRAP		**99.3**	**5.5%**
Other one-off effects		(3.0)	(0.2%)
TOTAL IRAP NET OF ONE-OFF EFFECTS		**96.4**	**5.4%**
TOTAL INCOME TAXES FOR THE YEAR		**495.2**	

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11. Profit/(Loss) from discontinued operations and assets held for sale – €0.3 million

The item reflects the net result of the activities included within the scope of the agreement signed by the Terna Group on 29 April 2022 with CDPQ, a global investment group, relating to the disposal of the Group's entire portfolio of electricity transmission lines in Brazil, Peru and Uruguay.

In this context:

- The **first closing**, relating to the Brazilian companies SPE Santa Maria Transmissora de Energia S.A., SPE Santa Lucia Transmissora de Energia S.A. and SPE Transmissora de Energia Linha Verde II S.A., was finalised on **7 November 2022**;
- The **second closing**, referring to the Uruguayan company Difebal S.A., owner of a power line in Uruguay, was finalised on **22 December 2022**;
- The **third closing** was finalised on **18 November 2024** and concerned the sale to CDPQ of the company SPE Transmissora de Energia Linha Verde I S.A., owner of a power line of about 150 km in Brazil.

With regard to the project in Peru, following the announcement of the Ministry of Energy and Mines (MINEM) that the buyer had failed to qualify, the sale to CDPQ was halted. Accordingly, the Group initiated discussions with Engie Transmisión Perú S.A. (a company of the Engie Group), which submitted a binding offer for the acquisition of the project in Peru, expected to be completed within 12 months.

Below is a breakdown of the items that generated the net profit for the year from assets held for sale, totalling €0.3 million:

(€/M)

	2025	2024	CHANGE
Total revenue	1.6	11.3	(9.7)
Total operating costs	1.5	12.7	(11.2)
OPERATING PROFIT	**0.1**	**(1.4)**	**1.5**
Net financial income/(expenses)	0.5	0.2	0.3
PROFIT BEFORE TAX	**0.6**	**(1.2)**	**1.8**
Income tax expense for the year	0.3	1.0	(0.7)
Profit/(Loss) for the year attributable to owners of the Parent	**0.3**	**(2.2)**	**2.5**
Net gains on disposals	-	19.7	(19.7)
Reserve for translation differences	-	(5.9)	5.9
Profit/(Loss) for the year from discontinued operations and assets held for sale	**0.3**	**11.6**	**(11.3)**

Operating profit

The item, amounting to €0.1 million, comprises revenue from the construction and development of concession infrastructure (€1.6 million) and operating management costs (€1.5 million) relating to activities held for sale in Peru.

Net gains on disposals

The item also includes the gain recognised in the comparative year, arising from the disposal of the net assets measured at fair value of SPE Transmissora de Energia Linha Verde I S.A. (€19.7 million), net of sales costs.

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Reserve for translation differences

The translation reserve reflects the exchange differences arising from the translation of financial statements expressed in foreign currencies and is recognised in profit or loss upon the deconsolidation of the entities to which it relates (up €5.9 million).
The Profit/(Loss) from discontinued operations and assets held for sale amounts to €0.3 million, representing a decrease of €11.3 million compared with the prior year, mainly attributable to the net capital gain on disposal (down €19.7 million) and the release of the translation reserve (up €5.9 million) recognised at 31 December 2024, in addition to lower operating losses of the companies (up €2.5 million), also taking into account the change in scope.
Basic and diluted earnings per share from discontinued operations and assets held for sale, amounting to a gain of €0.0001 per share (the numerator of €0.3 million represents the net gain from assets held for sale, whilst the denominator of 2,006,021,989 shares is the weighted average number of shares outstanding during the year).
Moreover, at the date of preparation of this document, a number of disputes are in progress. The related outcomes have been classified as possible and therefore no provisions have been made in the financial statements:

- ongoing arbitration between SPE Transmissora de Energia Linha Verde I S.A. and Consórcio Construtor Linha Verde, regarding changes to the obligations provided for in the EPC contract;
- Collective labour dispute involving SPE Transmissora de Energia Linha Verde I S.A., Consórcio Construtor Linha Verde, Total Sustainable Engineering and Nova Engevix Engenharia e Projetos S.A. against the Union of Workers in the Heavy Construction Industries of Minas Gerais, relating to specific claims submitted by the trade union.

In addition, we note that the arbitration previously disclosed as a potential matter in the prior year was resolved in the Group's favour on 24 November 2025. The counterparty has filed a formal request for review, the acceptance of which is considered remote:

- Ongoing arbitration between SPE Santa Lucia Transmissora de Energia S.A. and Planova Planejamento e Construções S.A. and Krasis Participações S.A., regarding responsibility for postponement of the Commercial Operation Date ("COD"), as defined in the EPC contract.

12. Earnings per share

The amount of earnings per share (EPS), reflecting the diluted earnings per share, is €0.530. The ratio is calculated as follows: the numerator amounts to €1,062.8 million and corresponds to the profit for the year attributable to owners of the Parent (€1,111.5 million), net of interest paid to holders of perpetual subordinated hybrid bonds and the related tax effect (€48.7 million), while the denominator is the weighted average number of shares outstanding during the period (2,006,021,989.0 shares).

EPS from continuing operations, reflecting the diluted EPS from continuing operations attributable to the Group, was €0.530. The ratio is calculated as follows: the numerator amounts to €1,062.5 million and corresponds to the profit for the year attributable to owners of the Parent (€1,111.2 million), net of interest paid to holders of perpetual subordinated hybrid bonds and the related tax effect (€48.7 million), while the denominator is the weighted average number of shares outstanding during the period (2,006,021,989.0 shares).

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C. Operating segments

In line with the latest Industrial Plan, and in compliance with IFRS 8, the Terna Group's identified operating segments are described below:

- **Regulated**
- **Non-regulated Activities**
- **International activities**

The Regulated segment includes the development, operation and maintenance of the National Transmission Grid, in addition to dispatching and metering, and the activities involved in the construction of storage systems. These activities have been included in one operating segment, as they are all regulated by ARERA and have similar characteristics, in terms of the remuneration model and the method for setting the related tariffs.

The Non-Regulated Activities segment includes deregulated activities and specific business initiatives, above all relating to the Industrial field, which includes the operating results of the Tamini Group, relating essentially to the construction and commercialisation of electrical equipment, above all power transformers, and the Brugg Cables Group, which operates in the terrestrial cable sector, specialising in the design, development, construction, installation and maintenance of electrical cables of all voltages and accessories for high-voltage cables. The Non-regulated segment also includes initiatives linked above all to the provision of services to third parties in the areas of Energy Services, consisting of the development of technical solutions and the supply of innovative services, including EPC (Engineering, Procurement and Construction) services, operation and maintenance of high-voltage and very high-voltage infrastructure, and the supply of energy efficiency services, broadly attributable to subsidiary Avvenia The Energy Innovator S.r.l.. This segment also includes Connectivity operations (support and housing services for fibre networks and IRU contracts for fibre).
This segment includes the activities carried out in relation to the private interconnectors launched under Law no. 99/2009, whereby Terna was assigned the task of selecting undertakings (the "selected undertakings"), on the basis of public tenders, willing to finance specific cross-border interconnectors in exchange for the benefits resulting from a decree granting a third-party access exemption with regard to the transmission capacity provided by the new infrastructure. The scope of Energy Services activities also includes the results of the Altenia Group, a leader in the O&M of photovoltaic plants.

On the other hand, the International segment includes the results deriving from opportunities for international expansion, which the Group aims to exploit by leveraging its core competencies developed in Italy as a TSO, where such competencies are of significant importance in its home country. Overseas investment focuses on countries with stable political and regulatory regimes and a need to develop their electricity infrastructure. Included within this scope are, in particular, the results of the subsidiary Terna Plus S.r.l., which holds the investments in the Peruvian subsidiary Terna 4 Chacas S.A.C. (charitable project), the Chilean company Terna Chile S.p.A. (liquidated during the year) and the US subsidiary Terna USA LLC.

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The result of the Peruvian company Terna Peru S.A.C. was restated under net result from assets held for sale.

(€/m)

	2025	2024	CHANGE	% CHANGE
REVENUE FROM REGULATED ACTIVITIES	3,278.6	3,096.2	182.4	5.9%
REVENUE FROM NON-REGULATED ACTIVITIES	754.4	584.0	170.4	29.2%
REVENUE FROM INTERNATIONAL ACTIVITIES*	-	-	-	-
TOTAL REVENUE	**4,033.0**	**3,680.2**	**352.8**	**9.6%**
GROSS OPERATING PROFIT (EBITDA)**	**2,750.8**	**2,566.4**	**184.4**	**7.2%**
of which regulated EBITDA ***	2,611.2	2,461.5	149.7	6.1%
of which non-regulated activities EBITDA	141.1	107.8	33.3	30.9%
of which EBITDA from International Activities	(1.5)	(2.9)	1.4	(48.3%)
Reconciliation of segment result with the Company's profit before tax				
GROSS OPERATING PROFIT (EBITDA)	**2,750.8**	**2,566.4**		
Amortisation, depreciation and impairment losses	960.9	889.0		
OPERATING PROFIT/LOSS (EBIT)	**1,789.9**	**1,677.4**		
Financial income/(expenses)	(188.5)	(175.4)		
Share of profit/(loss) of investments accounted for using the equity method	7.0	3.9		
Profit before tax	**1,608.4**	**1,505.9**		

* *Relating directly to the margin earned on overseas concessions.*
** *IGross operating profit - EBITDA is an indicator of operating performance, obtained by adding "Amortisation, depreciation and impairment losses" to "Operating profit/(loss) (EBIT)".*
*** *EBITDA including indirect costs.*

The Group's revenue for 2025 amounts to €4,033.0 million, an increase of €352.8 million (up 9.6%) compared to the previous year.
Gross operating profit (EBITDA) of €2,750.8 million is up €184.4 million (up 7.2%) on the €2,566.4 million of 2024.

EBITDA related to Regulated Activities amounted to €2,611.2 million, showing an increase of €149.7 million compared with the previous year, mainly attributable to tariff revenue.
EBITDA related to Non-regulated Activities for 2025 totalled €141.1 million, increased by €33.3 million compared to the same period of the previous year. This improvement is mainly attributable to the increased contribution of the Equipment segment, with an increase of €23.5 million from the Tamini Group and €5.9 million from the Brugg Cables Group. These increases are mainly due to higher market-driven revenue and improved margins on existing contracts.
EBITDA from International Activities in 2025 (down €1.5 million) chiefly relates to costs incurred by the central departments to support international endeavours. The figure increased by €1.4 million compared with the prior year.
The profit/(loss) from discontinued operations and assets held for sale amounted to €0.3 million, showing a decrease of €11.3 million compared with the previous year, mainly due to the gain arising from the third closing of the disposal to CDPQ of SPE Transmissora de Energia Linha Verde I S.A., completed in November 2024.
Further information is provided in the related paragraph in note 11 in the consolidated financial statements.
In line with paragraphs 33 and 34 of IFRS 8, the following is disclosed:

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REVENUE AND NON-CURRENT ASSETS BY GEOGRAPHICAL AREA

(€/m)

	31.12.2025		
	ITALY	EURO AREA COUNTRIES*	OTHER COUNTRIES**
Revenue	3,438.7	282.6	229.6
Non-current assets	22,801.8	5.0	254.5
Property, plant and equipment	*21,442.7*	*0.5*	*221.9*
Intangible assets	*1,287.0*	*-*	*5.7*
Investments	*57.2*	*4.5*	*26.9*
Other non-current assets	*14.9*	*-*	*-*

* *Mainly Germany, France, Sweden, Austria and Finland.*
** *Mainly Montenegro, Canada and the United States of America.*

(€/M)

	31.12.2024		
	ITALY	EURO AREA COUNTRIES*	OTHER COUNTRIES**
Revenue	3,320.0	88.9	207.3
Non-current assets	20,059.1	4.5	252.2
Property, plant and equipment	*19,013.7*	*0.6*	*222.8*
Intangible assets	*979.7*	*-*	*2.5*
Investments	*50.8*	*3.9*	*26.9*
Other non-current assets	*14.9*	*-*	*-*

* *Mainly Germany, France, Belgium and Finland.*
** *Mainly Montenegro, Canada and the United States of America.*

DISTRIBUTION OF REVENUE FROM CUSTOMERS EXCEEDING THE 10% THRESHOLD

	31.12.2025		
REVENUE FROM SALES AND SERVICES	CUSTOMERS >10%	OTHER	MARKET SECTOR
3,950.9	2,127.1	1,823.8	Energy

	31.12.2024		
REVENUE FROM SALES AND SERVICES	CUSTOMERS >10%	OTHER	MARKET SECTOR
3,616.2	1,958.9	1,657.3	Energy

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D. Notes to the consolidated statement of financial position

Assets

13. Property, plant and equipment – €21,665.1 Million

(€/m)

	LAND	BUILDINGS	PLANT AND EQUIPMENT	INDUSTRIAL AND COMMERCIAL EQUIPMENT	OTHER ASSETS	ASSETS UNDER CONSTRUCTION AND PREPAYMENTS	TOTAL
COST AT 31 DECEMBER 2024	**242.8**	**2,714.9**	**23,562.3**	**264.4**	**310.3**	**3,755.0**	**30,849.7**
Capital Expenditure	2.3	11.4	0.2	9.9	15.4	3,062.5	3,101.7
of which right-of-use assets	*0.9*	*10.1*	-	-	*14.5*	*1.4*	*26.9*
Assets entering service	6.7	150.2	1,456.1	6.4	18.7	(1,638.1)	-
Contribution from business combinations	-	0.4	271.3	0.1	0.1	4.4	276.3
Translation differences	-	0.3	-	0.6	-		0.9
of which right-of-use assets	-	*(0.2)*	-	-		-	*(0.2)*
Disposals and impairments	(0.8)	(5.1)	(77.1)	(0.6)	(4.5)	(8.9)	(97.0)
of which right-of-use assets	*(0.2)*	*(1.9)*		-	*(4.4)*	-	*(6.5)*
Other changes	0.2	35.1	(75.0)	0.4	10.3	(7.8)	(36.8)
COST AT 31 DECEMBER 2025	**251.2**	**2,907.2**	**25,137.8**	**281.2**	**350.3**	**5,167.1**	**34,094.8**
ACCUMULATED DEPRECIATION AND IMPAIRMENT AT 31 DECEMBER 2024	**(3.6)**	**(923.9)**	**(10,271.6)**	**(204.0)**	**(209.5)**	**-**	**(11,612.6)**
Depreciation	(0.4)	(75.7)	(632.6)	(12.4)	(36.0)	-	(757.1)
of which right-of-use assets	*(0.4)*	*(9.5)*	-	*(0.3)*	*(12.9)*	-	*(23.1)*
Contribution from business combinations	-	-	(143.0)	-	-	-	(143.0)
Translation differences	-	(0.1)	-	(0.6)	-	-	(0.7)
Disposals	0.2	4.6	74.2	0.6	4.5	-	84.1
of which right-of-use assets	*0.2*	*1.5*	-	-	*3.6*	-	*5.3*
Other changes	-	(4.7)	6.3	(0.2)	(1.8)	-	(0.4)
ACCUMULATED DEPRECIATION AND IMPAIRMENT AT 31 DECEMBER 2025	**(3.8)**	**(999.8)**	**(10,966.7)**	**(216.6)**	**(242.8)**	**-**	**(12,429.7)**
Carrying amount							
AT 31 DECEMBER 2025	**247.4**	**1,907.4**	**14,171.1**	**64.6**	**107.5**	**5,167.1**	**21,665.1**
of which right-of-use assets	*4.7*	*31.8*	*19.4*	*0.4*	*31.5*	*4.2*	*92.0*
AT 31 DECEMBER 2024	**239.2**	**1,791.0**	**13,290.7**	**60.4**	**100.8**	**3,755.0**	**19,237.1**
of which right-of-use assets	*4.2*	*31.8*	*19.4*	*0.7*	*30.7*	*2.8*	*89.6*
CHANGE	**8.2**	**116.4**	**880.4**	**4.2**	**6.7**	**1,412.1**	**2,428.0**

The category, "Plant and equipment," at 31 December 2025 includes the electricity transmission grid and transformer substations in Italy.

"Property, plant and equipment" is up €2,428.0 million compared with 31 December 2024, reflecting ordinary movements during the year as a result of:

- investment of €3,101.7 million during the year, including €3,033.6 million in the Group's Regulated Activities and €68.1 million in Non-regulated Activities, primarily with regard to the re-routing of power lines requested by third parties;
- depreciation for the period (down €757.1 million);
- acquisition of NTG assets of Rete 2 S.r.l. as part of the transaction completed on 30 September 2025 (up €133.3 million);
- other changes for the year (down €37.0 million), including in particular capital contributions (down €44.7 million, mainly relating to variations charged to third parties and projects financed by MASE/EU) and exchange differences;
- Disposals and impairments amounted to €12.9 million.

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A summary of movements in property, plant and equipment during the year is shown below.

(€/m)

Capital expenditure	
- Transmission lines	1,575.8
- Transformer substations	1,223.0
- Other	302.9
Total investment in property, plant and equipment	**3,101.7**
Depreciation	(757.1)
Contribution from business combinations	133.3
Other changes	(37.2)
Disposals and impairments	(12.9)
Translation differences	0.2
TOTAL	**2,428.0**

With reference to the main projects for the year within Regulated Activities, the following are noted in particular:

- the continuation of the construction of the Tyrrhenian Link interconnection (€823.8 million);
- progress on activities relating to the Adriatic Link (€163.6 million) and SA.CO.I. 3 (€174.8 million) projects;
- completion of the "Olimpiadi" Project, with assets commissioned in the last quarter of 2025 (€84.9 million);
- continuation of the construction of the following power lines: Chiaramonte Gulfi – Ciminna (€85.4 million), Bolano – Annunziata (€72.2 million), Colunga – Calenzano (€61.5 million), Paternò – Pantano – Priolo (€22.1 million) and Cassano – Chiari (€22.4 million);
- Installation of synchronous compensators (€87.8 million);
- Deployment of reactors (€13.5 million) and stabilising resistors (€18.8 million);
- Expansion of the fibre optic network as part of the Fiber for the Grid project (€10.3 million).

During the financial year, indicators[32] of possible impairment of certain property, plant and equipment were identified in accordance with paragraphs 9-14 of IAS 36 "Impairment of Assets". Where such indicators were present, the Company determined the recoverable amount of the relevant assets, defined as the higher of fair value less costs of disposal and value in use, and compared it with their carrying amount. Based on this analysis, a total impairment loss of €8.9 million was recognised.

14. Goodwill – €349.1 Million

Goodwill of €349.1 million as at 31 December 2025 is attributable to the following acquisitions:

(€/m)

INVESTOR	INVESTEE	31.12.2025	31.12.2024	CHANGE
Terna S.p.A.	Terna Rete Italia S.r.l.	101.6	101.6	-
Terna S.p.A.	Rete 2 S.r.l.	89.5	-	89.5
Terna S.p.A.	RTL S.p.A.	88.6	88.6	-
Terna S.p.A.	Rete S.r.l.	26.3	26.3	-
Terna Energy Solutions S.r.l.	Altenia S.r.l.	19.3	19.3	-
Tamini Group	TES - Transformer Electro Services	13.6	13.6	-
Altenia Group	STE Energy S.r.l.	8.7	-	8.7
Brugg group	Laser TLC S.r.l.	1.5	1.5	-
Group		**349.1**	**250.9**	**98.2**

[32] External indicators include, for example, a significant decline in the market value of an asset or adverse changes in the technological environment. Internal indicators include, among other factors, obsolescence or physical damage to an asset, significant changes in the manner in which the asset is used, or performance below expectations.

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The increase in the item compared with the previous year (up €98.2 million) reflects goodwill recognised in the current year, relating to the provisional accounting of the acquisition of Ste Energy S.r.l., completed in May 2025 through the Altenia Group and recognised at €8.7 million, and to the provisional accounting of the acquisition of Rete 2 S.r.l., completed in September 2025 and recognised at €89.5 million.

Impairment testing

For impairment testing purposes, goodwill has been allocated to four groups of Cash Generating Units (CGUs): the first relating to the Transmission business within the Group's Regulated Activities, amounting to €306.0 million, while the other three relate to activities within the Non-Regulated business. These comprise transformer manufacturing and marketing (€13.6 million), the design, construction, operation and maintenance of renewable energy generation plants (€28.0 million), and cable manufacturing and marketing (€1.5 million).
Measurement of the recoverable amount of the goodwill allocated to the transmission activities was based on fair value less costs of disposal. Determination of the carrying amount of the CGU represented by the NTG was based on Terna S.p.A.'s net invested capital at 31 December 2025, appropriately adjusted for the assets and liabilities not falling within the scope of Transmission activities (e.g., Dispatching, Non-regulated and International activities). The recoverable amount was based on fair value after applying an EBITDA multiple to the operating profit of the CGU represented by the NTG. This multiple was calculated at the level of the Company, as the ratio between the enterprise value (the sum of the stock market capitalisation and net debt) and the Company's EBITDA. The result obtained is significantly higher than the carrying amount recognised in the financial statements inclusive of goodwill.
The impairment test of the CGU represented by the production and commercialisation of transformers was based on fair value less costs of disposal, determined on the basis of the average EBITDA multiple for the sector. Measurement of the recoverable amount was based on estimated fair value applying the EBITDA multiple for 2026. This multiple was approximately 16.0, the average for a sample of companies operating in the sector. The resulting fair value was then appropriately discounted to present value at the end of 2025. The result was higher than the carrying amount inclusive of goodwill.
With regard to the CGU related to the design, construction, operation and maintenance of renewable sources, the impairment test was carried out using the fair value less cost of disposal, determined on the basis of a multiple of the average EBITDA for the sector. Measurement of the recoverable amount was based on estimated fair value applying the EBITDA multiple for 2026. This multiple was approximately 8.8, the average for a sample of companies operating in the sector. The resulting fair value was then appropriately discounted to present value at the end of 2025. The result was higher than the carrying amount inclusive of goodwill.
For the CGU relating to cable manufacturing and sales, the impairment test was carried out using the fair value less costs of disposal model, determined on the basis of the sector's average EBITDA multiple. Measurement of the recoverable amount was based on estimated fair value applying the EBITDA multiple for 2026. This multiple was approximately 12.9, the average for a sample of companies operating in the sector. The resulting fair value was then appropriately discounted to present value at the end of 2025. The result was higher than the carrying amount inclusive of goodwill.

To support the results obtained, analyses based on value in use, determined using the discounted cash flow method, were also carried out. These analyses confirmed that no impairment loss should be recognised.

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15. Intangible assets – €943.6 Million

(€/M)

	INFRASTRUCTURE RIGHTS	CONCESSIONS	OTHER ASSETS	ASSETS UNDER CONSTRUCTION AND PREPAYMENTS	TOTAL
Cost	741,3	135,4	969,7	194,0	2.040,4
Accumulated amortisation	(506,0)	(107,4)	(695,7)	-	(1.309,1)
BALANCE AT 31 DECEMBER 2024	**235,3**	**28,0**	**274,0**	**194,0**	**731,3**
Contribution of newly acquired entities	-	-	0,8	-	0,8
Capital Expenditure	-	-	4,3	408,9	413,2
Assets entering service	104,6	0,3	225,3	(330,2)	-
Disposals and impairments	-	-	(5,6)	(0,2)	(5,8)
Depreciation	(48,9)	(7,8)	(132,6)	-	(189,3)
Other changes	(21,5)	30,0	(15,0)	(0,1)	(6,6)
BALANCE AT 31 DECEMBER 2025	**269,5**	**50,5**	**351,2**	**272,4**	**943,6**
Cost	812,2	183,7	1.174,1	272,4	2.442,4
Accumulated amortisation	(542,7)	(133,2)	(822,9)	-	(1.498,8)
BALANCE AT 31 DECEMBER 2025	**269,5**	**50,5**	**351,2**	**272,4**	**943,6**
CHANGE	**34,2**	**22,5**	**77,2**	**78,4**	**212,3**

Intangible assets amount to €943.6 million (€731.3 million at 31 December 2024); this item includes:

- the infrastructure used in provision of the dispatching service in Italy accounted for in accordance with "IFRIC 12 – Service Concession Arrangements", with the carrying amount, at 31 December 2025 of infrastructure entering service during the year amounting to €269.5 million and of those under construction, included in the category "Assets under development and prepayments", amounting to €92.5 million (at 31 December 2024, the matching figures were €235.3 million and €76.2 million, respectively);
- the concession for electricity transmission and dispatching activities in Italy (with a carrying amount of €50.5 million at 31 December 2025). This 25-year concession was recognised in 2005, initially at fair value and subsequently at cost.

Other intangible assets primarily include software applications, either produced internally or purchased as part of systems development programmes, and the contract to provide support services for fibre networks acquired with Rete S.r.l. in 2015 (measured as part of the process of allocating the goodwill acquired by the Terna Group). Investment in these assets during the year, primarily attributable to the Parent Company (€288.0 million), essentially regard internal development programmes.

The increase compared with the previous year (up €212.3 million) broadly reflects the net effect of investment (up €413.2 million, including €120.9 million in infrastructure rights) and amortisation (down €189.3 million).
Investment in intangible assets during the year (€413.2 million, including €408.8 million attributable to the Parent Company's Regulated Activities), included expenditure on the development of software applications for the Remote Management System for Dispatching (€47.5 million), the Power Exchange (€16.9 million), the Metering System (€3.2 million) and for protection of the electricity system (€4.2 million), as well as software applications and generic licences (€235.5 million).

During the financial year, indicators[33] of possible impairment of certain intangible assets were identified in accordance with paragraphs 9-14 of IAS 36 "Impairment of Assets". Where such indicators were present, the Company determined the recoverable amount of the relevant assets, defined as the higher of fair value less costs of disposal and value in use, and compared it with their carrying amount. Based on this analysis, a total impairment loss of €0.2 million was recognised.

[33] External indicators include, for example, a significant decline in the market value of an asset or adverse changes in the technological environment. Internal indicators include, among other factors, obsolescence or physical damage to an asset, significant changes in the manner in which the asset is used, or performance below expectations.

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16. Deferred tax assets – €286.4 million

(€/m)

	31.12.2024	PROVISIONS	WITHDRAWALS	CONTRIBUTION OF NEW ENTITIES	EFFECTS RECOGNISED IN COMPREHENSIVE INCOME	31.12.2025
DEFERRED TAX ASSETS						
Property, plant and equipment	122.1	40.1	-	7.5	-	169.7
Provisions for risks and charges	23.6	7.4	(4.0)	-	-	27.0
Allowance for doubtful accounts	4.6	-	-	-	-	4.6
Employee benefits	14.2	4.3	(2.4)	-	0.9	17.0
Cash flow hedges and financial assets	(3.4)	-	-	-	(3.1)	(6.5)
Tax relief on goodwill	8.8	-	(3.0)	-	-	5.8
Other	83.0	11.0	(4.8)	0.3	-	89.5
Total deferred tax assets	**252.9**	**62.8**	**(14.2)**	**7.8**	**(2.2)**	**307.1**
DEFERRED TAX LIABILITIES						
Property, plant and equipment	(7.4)	-	0.9	-	-	(6.5)
Other	(14.3)	-	2.9	-	-	(11.4)
Employee benefits and financial instruments	(2.8)	-	-	-	-	(2.8)
Total deferred tax liabilities	**(24.5)**	**-**	**3.8**	**-**	**-**	**(20.7)**
DEFERRED TAX ASSETS	**228.4**	**62.8**	**(10.4)**	**7.8**	**(2.2)**	**286.4**

The balance of this item, amounting to €286.4 million, includes the net impact of changes in the Group's deferred tax assets and liabilities.

Deferred tax assets (€307.1 million) are up by a net amount compared with the amount at 31 December 2024 (€54.3 million). These assets underwent the following movements during the year:

- net utilisations recognised in statement of comprehensive income (down €2.2 million), mainly attributable to the tax effects of movements in cash flow hedge financial instruments and employee benefits;
- provisions recognised by Terna S.p.A. and Rete S.r.l. relating to the portion of statutory depreciation temporarily non-deductible for tax purposes (€40.1 million);
- use of the accrued portion recognised in relation to tax relief on the goodwill resulting from the merger of Terna Rete Italia S.r.l. and attributable to the Parent Company (€3.0 million);
- contribution from Rete 2 S.r.l., acquired during the year, relating to the portion of statutory depreciation temporarily non-deductible for tax purposes (€7.5 million);
- net provisions of €11.5 million, mainly relating to the recognition of deferred tax assets on property revaluations and other items recognised by foreign subsidiaries and the Tamini Group.

Deferred tax liabilities (€20.7 million) decreased net by €3.8 million, attributable to tax impacts recognised on consolidation of €0.9 million for the subsidiary Rete S.r.l., €0.8 million for the Altenia Group, €1.0 million for the Brugg Group and €1.1 million for Avvenia.

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17. Investments accounted for using the equity method – €88.6 million

(€/m)

	31.12.2025	31.12.2024	CHANGE
Cesi S.p.A.	53.3	47.8	5.5
CGES A.D.	26.7	26.7	-
Coreso S.A.	1.4	1.1	0.3
Equigy B.V.	0.7	0.6	0.1
TOTAL ASSOCIATES	**82.1**	**76.2**	**5.9**
Wesii S.r.l.	2.9	2.9	-
SEleNe CC S.A.	2.4	2.3	0.1
ELMED Etudes S.a.r.l.	0.2	0.2	-
Hypermeteo S.r.l.	1.0	-	1.0
JOINT ARRANGEMENTS	**6.5**	**5.4**	**1.1**
TOTAL INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	**88.6**	**81.6**	**7.0**

The item, amounting to €88.6 million, relates to investments in associates held by the Parent Company Terna S.p.A. and in joint arrangements held by the Parent Company (SEleNe CC S.A. and ELMED Etudes S.a.r.l.) and by Terna Forward (Wesii S.r.l. and Hypermeteo S.r.l.).
The increase compared with the previous year, amounting to up €7.0 million, is mainly attributable to the adjustment of the share of equity as at 31 December 2025 of the investment in CESI S.p.A. (up €5.5 million) and to the acquisition of the investment in Hypermeteo S.r.l. (up €1.0 million), completed on 18 December 2025 for a stake of 15.43%.
The following presents the pre-closing financial information for 2025 of the Terna Group's associates:

(€/m)

	AT 31 DECEMBER 2025				
	NON-CURRENT ASSETS	CURRENT ASSETS	NON-CURRENT LIABILITIES	CURRENT LIABILITIES	EQUITY
CESI S.p.A.	176	(*)	17	(8)	109
CORESO S.A.	37	5	-	33	8
CGES A.D.	299	76	59	41	275
EQUIGY B.V.	2	1	1	-	2

(*) The pre-closing figure for 2025 does not include the allocation of working capital.

(€/m)

	2025		
	REVENUE	PROFIT/(LOSS) BEFORE TAX	PROFIT/(LOSS) FOR THE YEAR
CESI S.p.A.	212	12	8
CORESO S.A.	48	2	1
CGES A.D.	96	25	21
EQUIGY B.V.	10	1	1

The following presents the pre-closing financial information for 2025 of the Terna Group's joint arrangements:

(€/m)

	AT 31 DECEMBER 2025				
	NON-CURRENT ASSETS	CURRENT ASSETS	NON-CURRENT LIABILITIES	CURRENT LIABILITIES	EQUITY
WESII S.R.L.	4	1	1	1	3
SELENE CC S.A.	2	8	-	2	7
ELMED ETUDES S.A.R.L.	-	33	-	32	1
HYPERMETEO S.R.L.	-	2	-	-	2

(*) The pre-closing figure for 2025 does not include the allocation of working capital.

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(€/m)

	2025		
	REVENUE	PROFIT/(LOSS) BEFORE TAX	PROFIT/(LOSS) FOR THE YEAR
WESII S.R.L.	2	-	-
SELENE CC S.A.	8	-	-
ELMED ETUDES S.A.R.L.	-	-	-
HYPERMETEO S.R.L.	1	-	-

18. Financial assets

(€/m)

	MEASUREMENT	31.12.2025	31.12.2024	CHANGE
Deposit in the Interconnector Guarantee Fund	Amortised cost	433.8	372.4	61.4
Cash flow hedges	FVTOCI	0.7	-	0.7
Financial assets servicing employee plan	FVTOCI	-	7.0	(7.0)
Other non-current financial assets	FVTPL - Amortised cost	14.6	7.1	7.5
Other investments	FVTOCI	2.2	1.7	0.5
NON-CURRENT FINANCIAL ASSETS		**451.3**	**388.2**	**63.1**
Government securities	FVTOCI	164.2	121.9	42.3
Other securities	FVTPL-FVTOCI	467.2	104.6	362.6
Time deposits	Amortised cost	100.0	200.0	(100.0)
Deferred assets on derivatives		-	1.2	(1.2)
Cash flow hedges	FVTOCI	0.6	-	0.6
Other current financial assets		10.7	19.6	(8.9)
CURRENT FINANCIAL ASSETS		**742.7**	**447.3**	**295.4**

The item “Non-current financial assets” shows an increase of €63.1 million compared with 31 December 2025, mainly attributable to:

- an increase of €40.0 million relating to the increase in security deposits received from operators participating in the capacity market (pursuant to Resolution 98/2011/R/eel and subsequent amendments and supplements);
- an increase of €21.4 million relating to the increase in the Interconnector Guarantee Fund, established for the completion of interconnection works pursuant to Article 32 of Law no. 99/2009;
- a decrease of €7.0 million relating to the reduction of assets underpinning the Brugg Cables employee benefit plan;
- an increase of €7.5 million relating to the increase in indirect investments made by Terna Forward in the Infra Tech and Energy Tech segments of the Corporate Partners I Fund managed by CDP Venture Capital, as well as the direct investment in Hibot Corporation;
- an increase of €0.5 million relating to the increase in Terna Forward’s minority interest in the start-up Eoliann S.r.l., a benefit company.

The item “Current financial assets” increased by €295.4 million compared with the previous year, mainly due to movements in Italian government bonds and other securities held in the portfolio (up €404.9 million overall), partly offset by a decrease in time deposits (down €100.0 million) and the recognition of accrued but not yet settled interest on derivative contracts (down €9.2 million).

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19. Other assets

(€/m)

	31.12.2025	31.12.2024	CHANGE
Loans and advances to employees	9.4	10.0	(0.6)
Deposits with third parties	5.5	4.9	0.6
OTHER NON-CURRENT ASSETS	**14.9**	**14.9**	**-**
Other tax credits	173.6	67.1	106.5
Prepayments to suppliers	7.7	12.5	(4.8)
Prepayments of operating expenses and accrued operating income	31.3	26.7	4.6
Amounts due from partners selected for Interconnector projects	2.8	3.4	(0.6)
Amounts due from others	54.9	58.6	(3.7)
OTHER CURRENT ASSETS	**270.3**	**168.3**	**102.0**

"Other non-current assets" (€14.9 million) are broadly in line with the previous year.

"Other current assets", totalling €270.3 million, are up €102.0 million compared with 31 December 2024, primarily reflecting:

- Other tax receivables increased by €106.5 million, mainly attributable to the higher VAT receivable due from the tax authorities by the Group (up €104.3 million), resulting from the exit of the Parent Company Terna S.p.A. from the Split Payment regime starting from July 2025;
- Advances to suppliers decreased by €4.8 million, mainly relating to lower advances paid by the subsidiaries Terna Energy Solutions S.r.l. (down €2.4 million) and the Brugg Cables Group (down €1.5 million) in the management of their contracts.

20. Inventories – €127.7 million

The item, totalling €127.7 million, increased by €19.5 million compared with the prior year, primarily due to materials relating to contracts of the Brugg Cables Group (up €20.0 million) and the Altenia Group (up €1.4 million).

21. Trade receivables – €3,075.6 million

(€/m)

	31.12.2025	31.12.2024	CHANGE
Energy-related receivables	2,207.8	2,186.9	20.9
Transmission charges receivables	632.1	682.1	(50.0)
Other trade receivables	235.7	198.1	37.6
TOTAL	**3,075.6**	**3,067.1**	**8.5**

Trade receivables as at 31 December 2025 amounted to €3,075.6 million and are measured net of impairment losses recognised in the allowance for doubtful accounts (€71.4 million relating to energy items and €18.6 million relating to other items in 2025, compared with €70.6 million for energy items and €23.5 million for other items in 2024; for further details, reference is made to section "E. Commitments and Risks"); the carrying amount is substantially equal to fair value.
The measurement of expected credit losses is described in the section, "A. Accounting policies and measurement criteria".

Energy-related/regulated receivables – €2,207.8 million

The item mainly includes receivables relating to so-called "pass-through items" associated with the procurement by the Parent Company of the resources necessary to ensure dispatching, security and adequacy of the national electricity system (€1,572.5 million), as well as receivables from dispatching users for margin charges (€530.7 million). It also includes receivables (€104.6 million) from the Fund for Energy and Environmental Services (CSEA) relating to service quality (€37.3 million) and tariff decoupling adjustments (€67.3 million).

These receivables were up €20.9 million compared to 2024 year-end, primarily reflecting:

- Receivables relating to pass-through items increased by €156.6 million, mainly attributable to:
  - an increase in Terna's receivables related to Uplift and Uplift-Other components and the related items (up €68.8 million), reflecting Terna's creditor position at the end of 2024 benefiting from efficiency improvements in dispatching services;

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- an increase in receivables relating to charges covering capacity market costs, attributable to the increase in contracted capacity for 2025 (€57.3 million);
- an increase in receivables relating to charges covering costs of curtailed renewable generation (€24.9 million), following the extension of remuneration for curtailed generation from wind-only (under the regime prior to Resolution no. 128/2025) to all non-programmable renewable sources.

- recognition of the 2024 tariff decoupling settlement, received from CSEA in January 2026 (€67.3 million);
- decrease in receivables (€195 million) relating to output-based incentives collected during the year

Transmission charges receivable – €632.1 million

The receivable relating to the CTR charge, amounting to €632.1 million, refers to the remuneration recognised for the use of the National Transmission Grid owned by the Group by electricity distribution companies. This receivable decreased by €49.9 million compared with 31 December 2024, as a result of the combined effect of:

- a reduction of the credit exposure related to the Inter-TSO Compensation (ITC) mechanism following the recovery of higher charges incurred in previous years (€120.8 million);
- an increase in receivables arising from the tariff update – pursuant to Resolution no. 579/2024 (€54.7 million);
- the recognition of the accrued portion of the remuneration of digital substation systems under Resolution no. 565/2020 (€16.2 million).

Other trade receivables – €235.7 million

Other trade receivables primarily regard amounts receivable from customers of the non-regulated business. These amounts derive from the provision of specialist services to third parties, primarily in relation to plant engineering services, the operation and maintenance of high-voltage and very high-voltage infrastructure, and the housing of telecommunications equipment and maintenance services for fibre networks, as well as in relation to contract work carried out by the Tamini Group, the Brugg Cables Group and the Altenia Group.

The item recorded a net increase of €37.6 million compared with the previous year, mainly reflecting higher contract volumes of the Altenia Group (up €32.6 million) and the Tamini Group (up €28.5 million), offset by a reduction in receivables of Terna Rete Italia S.p.A. (down €15.4 million) and the Brugg Cables Group (down €12.1 million).

22. Current assets arising from contracts with customers – €115.0 million

The table below shows current assets arising from contracts with customers (€115.0 million) relating to long-term contracts in progress with third-party customers:

(€/m)

	PREPAYMENTS	VALUE OF CONTRACT	BALANCE AT 31 DECEMBER 2025	PREPAYMENTS	VALUE OF CONTRACT	BALANCE AT 31 DECEMBER 2024
Current assets arising from contracts with customers	(590.6)	705.6	**115.0**	(342.4)	470.1	**127.7**

The Group's current contract assets show a net decrease of €12.7 million compared with the previous year, mainly due to the progress of contracts of the Tamini Group (down €14.7 million) and the subsidiary Terna Rete Italia S.p.A. (down €9.7 million), partially offset by higher contracts of the Altenia Group (up €17.9 million).

23. Cash and cash equivalents – €1,832.7 million

Cash and cash equivalents as at 31 December 2025 amounted to €1,832.7 million, of which €1,544.4 million are invested in short-term, highly liquid instruments and €288.3 million relate to bank accounts and cash on hand.

24. Income tax assets – €6.0 million

Income tax assets, amounting to €6.0 million, decreased by €2.7 million compared with the previous year, mainly due to the utilisation of certain receivables to settle 2025 tax advances within the Altenia Group.

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Equity and liabilities

25. Equity attributable to owners of the Parent and non-controlling interests

Equity attributable to owners of the Parent – €7,791.3 million

Share capital – €442.2 million

The Parent Company's share capital consists of 2,009,992,000 ordinary shares with a par value of €0.22 per share.

Legal reserve – €88.4 million

The legal reserve accounts for 20% of the Parent Company's share capital.

Reserve for treasury shares - (€34.3) million

The reserve includes own shares purchased by the Parent Company to service Performance Share plans.
In implementation of the share buyback programme to service the new Performance Share Plan 2025–2029, approved by the Annual General Meeting on 21 May 2025, Terna acquired 1,060,499 own shares (equal to 0.053% of the share capital) in the period from 8 September 2025 to 16 September 2025, for a total consideration of €9.0 million. These are in addition to shares acquired in previous years to service the Performance Share Plan 2020–2023, the Performance Share Plan 2021–2025, the Performance Share Plan 2022–2026, the Performance Share Plan 2023–2027 and the Performance Share Plan 2024–2028.
In addition, in the period between 21 May 2025 and 3 June 2025, the Parent Company allotted 917,720 treasury shares to the beneficiaries of the Performance Share Plan 2022-2026, amounting to a total of approximately €6.1 million.
As a result, at 31 December 2025, Terna S.p.A. now holds a total of 4,294,627 treasury shares (equal to 0.214% of the share capital), purchased at a cost of €34.3 million, thereby reducing other reserves by this amount.

Reserve for equity instruments – €1,835.6 million

The value of this reserve reflects non-convertible hybrid perpetual subordinated green and fixed-rate bonds ("hybrid green bonds") issued by the Parent Company:

- Bond issued on 2 February 2022, for a face amount of €1 billion (€989.0 million net of ancillary costs). This bond, which is non-callable for six years, will pay coupon interest of 2.375% until 9 February 2028, the first reset date. After this date, the bonds will pay annual interest equal to the 5-year Euro Mid-Swap rate plus a spread of 212.1 basis points. This will be increased by a further spread of 25 basis points from 9 February 2033 and by an additional 75 basis points from 9 February 2048.
- Bond issued on 4 April 2024, for a total face amount of €850 million (€842.1 million net of related ancillary costs). This bond, which is non-callable for six years, has an issue price set at 99.745%, with a spread of 214.2 basis points over the Mid-Swap rate. It features a fixed annual coupon of 4.750%, which will be paid until the first reset date (not included) on 11 April 2030 and will have an effective rate of 4.800%. From this date, unless the bond has been redeemed early, the hybrid bond will pay interest at the 5-year Euro Mid-Swap rate, increased by an initial spread of 214.2 basis points, rising by a further 25 basis points from 11 April 2035 and by another 75 basis points from 11 April 2050.

Share premium reserve, Cash flow hedge reserve and Other reserves – €782.2 million

The "Share premium reserve", "Cash flow hedge reserve" and "Other reserves" at 31 December 2025 amount to €782.2 million, having fallen €4.9 million compared with 31 December 2024, broadly as a result of other comprehensive income. This reflects:

- fair value adjustments to the Parent Company's cash flow hedges (€6.8 million, including the related hedging costs of €0.4 million, after the related taxation);
- due to changes in actuarial gains and losses on employee benefits (down €5.5 million, net of the related tax effect);
- fair value adjustments to the value of financial assets represented by securities (up €2.1 million, after the related taxation);

They also include the change in the share-based payment reserve (up €1.5 million) relating to the incentive plan for Group employees.

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Retained earnings and accumulated losses – €3,804.8 million

The increase in "Retained earnings and accumulated losses", amounting to €215.0 million, primarily regards the remaining portion of the Group's profit for 2024 (up €265.5 million), following the Parent Company's payment of the dividend for 2024 (totalling €796.4 million). The item also includes the change in interest accrued in favour of holders of the hybrid green bond (down €64.1 million) and the related tax effect of up €15.4 million.

Interim dividend for 2025 and final dividend for 2024

On 13 November 2025, the Company's Board of Directors, having obtained the Independent Auditor's opinion required by article 2433-bis of the Italian Civil Code, decided to pay an interim dividend of 11.92 euro cents per share. The dividend was payable from 26 November 2025, with an ex-dividend date for coupon 43 on 24 November 2025. The dividend was paid to the holders of each ordinary share outstanding, with the exception of the amount payable on treasury shares held at the record date of 25 November 2025.

The Annual General Meeting of shareholders held on 21 May 2025 approved payment of a dividend for full-year 2024 of 39.62 eurocents per share, and the payment – before any withholdings required by law – of a final dividend of 27.70 eurocents per share (payable from 23 June 2025, with an ex-dividend date for coupon 42 of 23 June 2025), of which 11.92 eurocents paid in the form of an interim dividend payable from 20 November 2024.

Equity attributable to non-controlling interests – €21.4 million

Equity attributable to non-controlling interests, relating to the non-controlling shareholders of Terna Interconnector S.r.l., the Brugg Cables Group, the Altenia Group and ESPERIA-CC S.r.l. totalled €21.4 million, showing an increase of €1.6 million compared to 31 December 2024.

This change mainly resulted from the Brugg Cables Group's share of the profit from third parties (up €1.5 million).

26. Borrowings and financial liabilities

(€/m)

	31.12.2025	31.12.2024	CHANGE
Bond issues	6,992.5	6,048.3	944.2
Bank borrowings	6,894.2	5,362.1	1,532.1
LONG-TERM BORROWINGS	**13,886.7**	**11,410.4**	**2,476.3**
Cash flow hedges	-	11.8	(11.8)
Fair value hedges	52.3	47.0	5.3
NON-CURRENT FINANCIAL LIABILITIES	**52.3**	**58.8**	**(6.5)**
SHORT-TERM BORROWINGS	**720.3**	**1,657.1**	**(936.8)**
Bond issues	579.9	499.5	80.4
Bank borrowings	195.9	181.5	14.4
CURRENT PORTION OF LONG-TERM BORROWINGS	**775.8**	**681.0**	**94.8**
CURRENT FINANCIAL LIABILITIES	**141.2**	**111.9**	**29.3**
TOTAL	**15,576.3**	**13,919.2**	**1,657.1**

Borrowings and financial liabilities have increased by €1,657.1 million compared with the previous year to €15,576.3 million. The change primarily reflects:

- increase in bond borrowings of €1,024.6 million, mainly as a result of bond issues launched by Terna S.p.A. for a total of €1,500.0 million and the repayment of a bond issue of €500 million in July 2025. The change also reflects fair value adjustments of these financial instruments;
- increase in bank borrowings of €1,546.5 million, following drawdowns of new loans totalling €1,701.0 million, net of repayments of instalments on existing EIB loans; The change also reflects fair value adjustments of these financial instruments;
- increase in other current financial liabilities (€29.3 million) due to the recognition of accrued interest on financial instruments;
- decrease in short-term borrowings (€936.8 million) due to the repayment of short-term credit lines and Commercial Paper;
- decrease in the fair value of derivative financial instruments (€6.5 million), due to changes in the related portfolio and in the market interest rate curve;

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The official quotations of the bonds issued and listed on the Luxembourg Stock Exchange and on the Electronic Bond Market (MOT) managed by Borsa Italiana are detailed below, based on the latest quotation as at 31.12.2025 and 31.12.2024:

(€/m)

	ISIN	PRICE AT 31 DECEMBER 2025	PRICE AT 31 DECEMBER 2024
Bond maturity 2025:	XS2033351995	-	98.53
Bond maturity 2026:	XS1371569978	99.83	98.14
Bond maturity 2026:	XS1980270810	99.65	97.99
Bond maturity 2027:	XS1652866002	98.53	96.81
Bond maturity 2027:	XS2536846236	101.46	101.19
Bond maturity 2028:	XS1503131713	95.76	94.02
Bond maturity 2029:	XS2357205587	91.96	89.43
Bond maturity 2029:	XS2607193435	102.39	102.57
Bond maturity 2030:	XS2237901355	88.57	85.82
Bond maturity 2031:	XS2748847204	101.66	101.66
Bond maturity 2031:	XS3128477521	98.90	-
Bond maturity 2032:	XS2209023402	84.94	83.82
Bond maturity 2032:	XS3003427872	99.47	-
Bond maturity 2033:	XS2655852726	102.74	103.41

External sources from BNP Paribas, Bloomberg and Morgan Stanley.

Long-term borrowings

The table below shows movements in long-term debt during the year, including also the nominal amount:

(€/m)

	31.12.2024			REIMBURSED AND DRAWDOWNS CAPITALISED		OTHER	CHANGE	31.12.2025		
	NOTIONAL DEBT	CARRYING AMOUNT	FAIR VALUE					NOTIONAL DEBT	CARRYING AMOUNT	FAIR VALUE
Bond maturing 2025	500.0	499.5	492.6					-	-	-
Private Placement 2026	80.0	79.8	78.5	-	-	0.2	0.2	80.0	80.0	79.9
Bond maturing 2026	500.0	499.5	489.9	-	-	0.4	0.4	500.0	499.9	498.3
Private Placement 2027	100.0	99.9	101.2	-	-	-	-	100.0	99.9	101.5
Bond maturing 2027	1,000.0	991.3	968.1	-	-	3.3	3.3	1,000.0	994.6	985.3
Bond maturing 2028	750.0	720.5	705.2	-	-	7.6	7.6	750.0	728.1	718.2
Bond maturing 750_2029	750.0	744.0	769.3	-	-	1.3	1.3	750.0	745.3	767.9
Bond maturing 2029	600.0	598.0	536.6	-	-	0.5	0.5	600.0	598.5	551.7
Bond maturing 2030	500.0	450.0	429.1	-	-	3.5	3.5	500.0	453.5	442.9
Bond maturing 2031	850.0	842.6	864.1	-	-	1.1	1.1	850.0	843.7	864.1
Bond maturing 2031	-	-	-	-	750.0	(5.2)	744.8	750.0	744.8	741.7
Bond maturing 2032	500.0	379.5	419.1	-	-	13.8	13.8	500.0	393.3	424.7
Bond maturing 2032	-	-	-	-	750.0	(3.0)	747.0	750.0	747.0	746.0
Bond maturing 2033	650.0	643.2	672.2	-	-	0.6	0.6	650.0	643.8	667.8
Total bond issues	**6,780.0**	**6,547.8**	**6,525.9**	**(500.0)**	**1,500.0**	**24.6**	**1,024.6**	**7,780.0**	**7,572.4**	**7,590.0**
Borrowings	5,609.5	5,484.8	5,484.8	(163.0)	1,701.0	4.9	1,542.9	7,151.4	7,027.7	7,027.7
Lease liabilities	58.8	58.8	58.8	(21.9)	-	25.5	3.6	62.4	62.4	62.4
Total borrowings	**5,668.3**	**5,543.6**	**5,543.6**	**(184.9)**	**1,701.0**	**30.4**	**1,546.5**	**7,213.8**	**7,090.1**	**7,090.1**
Total debt	**12,448.3**	**12,091.4**	**12,069.5**	**(684.9)**	**3,201.0**	**55.0**	**2,571.1**	**14,993.8**	**14,662.5**	**14,680.1**

At 31 December 2025, the Terna Group's had access to additional financing of €4,055.0 million, represented by two fully available revolving credit facilities, and a further €299.0 million relating to a bank loan entered into in 2025 and not yet fully utilised.

In addition, the table shows the fair value of borrowings and bond issues. In the case of bond issues, this is market value based on prices at the reporting date, whilst variable rate loans are measured by discounting expected cash flows based on the market interest rate curve at the reporting date.

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The following table shows an analysis of bond issues and other borrowings by maturity, showing the related short-term portions.

(€/m)

	MATURITY	31.12.2024*	31.12.2025*	PORTION FALLING DUE WITHIN 12 MONTHS	PORTION FALLING DUE AFTER 12 MONTHS	2027	2028	2029	2030	2031	AFTER	OTHER**	AVERAGE INTEREST RATE AT 31 DECEMBER 2025	AVERAGE INTEREST RATE AFTER HEDGES AT 31 DECEMBER 2025
	2025	499.5	-	-	-	-	-	-	-	-	-	-	-	-
	2026	499.5	499.9	500.0	-	-	-	-	-	-	-	(0.1)	1.00%	1.28%
	2026	79.8	80.0	80.0	-	-	-	-	-	-	-	-	1.60%	1.80%
	2027	991.3	994.6	-	1,000.0	1,000.0	-	-	-	-	-	(5.4)	1.38%	1.92%
	2027	99.9	99.9	-	100.0	100.0	-	-	-	-	-	(0.1)	3.44%	2.77%
	2028	720.5	728.1	-	750.0	-	750.0	-	-	-	-	(21.9)	1.00%	1.30%
Bonds	2029	598.0	598.5	-	600.0	-	-	600.0	-	-	-	(1.5)	0.38%	1.71%
	2029	744.0	745.3	-	750.0	-	-	750.0	-	-	-	(4.7)	3.63%	3.70%
	2030	450.0	453.5	-	500.0	-	-	-	500.0	-	-	(46.5)	0.38%	2.35%
	2031	842.6	843.7	-	850.0	-	-	-	-	850.0	-	(6.3)	3.50%	3.63%
	2031	-	744.8	-	750.0	-	-	-	-	750.0	-	(5.2)	3.00%	3.10%
	2032	379.5	393.3	-	500.0	-	-	-	-	-	500.0	(106.7)	0.75%	3.19%
	2032	-	747.0	-	750.0	-	-	-	-	-	750.0	(3.0)	3.13%	2.54%
	2033	643.2	643.8	-	650.0	-	-	-	-	-	650.0	(6.2)	3.88%	3.78%
EIB	2046	3,270.4	3,228.3	58.5	3,282.2	117.1	156.0	192.1	192.1	192.1	2,432.8	(112.4)	2.68%	3.04%
Total fixed rate	2046	3,270.4	3,228.3	58.5	3,282.2	117.1	156.0	192.1	192.1	192.1	2,432.8	(112.4)	2.68%	3.04%
EIB	**2047**	**721.0**	**1,355.5**	**115.3**	**1,240.4**	**115.3**	**115.3**	**96.0**	**145.0**	**54.7**	**714.1**	**(0.2)**	**2.99%*****	**2.16%**
Terna's borrowing	2032	1,498.5	2,445.8	-	2,451.0	-	-	1,500.0	201.0	-	750.0	(5.2)	2.98%***	4.81%
STE borrowings	2028	-	3.9	2.2	1.7	1.3	0.4	-	-	-	-	-	3.74%***	
Total variable rate		**2,219.5**	**3,805.2**	**117.5**	**3,693.1**	**116.6**	**115.7**	**1,596.0**	**346.0**	**54.7**	**1,464.1**	**(5.4)**		
TOTAL		**12,037.7**	**14,605.9**	**756.0**	**14,175.3**	**1,333.7**	**1,021.7**	**3,138.1**	**1,038.1**	**1,846.8**	**5,796.9**	**(325.4)**		

* *The balance does not include prepaid fees of €5.8 million at 31 December 2025 and of €5.1 million at 31 December 2024.*
** *Includes portions measured at amortised cost and fair value adjustments at 31 December 2025.*
*** *this is the average of the rates fixed in the sub-periods.*

(€/m)

	31.12.2024	31.12.2025	PORTION FALLING DUE WITHIN 12 MONTHS	PORTION FALLING DUE AFTER 12 MONTHS
Operating leases	58.8	62.4	19.9	42.5
TOTAL	**58.8**	**62.4**	**19.9**	**42.5**

At 31 December 2025, payments on operating leases recognised in application of IFRS 16 amount to €21.9 million.

The total value of the Terna Group's long-term borrowings at 31 December 2025 is €14,605.9 million (€756.0 million falling due within 12 months and €14,175.3 million falling due after 12 months net of portions measured at amortised cost and fair value adjustments), of which €5,796.9 million maturing after five years.

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The following table shows the reconciliation of net changes deriving from financing activities:

(€/m)

	31.12.2024	CF CHANGES FOR FINANCING ACTIVITIES	CHANGE HAVING NO IMPACT ON CASH FLOW		31.12.2025
			FAIR VALUE CHANGE	EFFECT OF THE CHANGE IN THE SCOPE OF CONSOLIDATION	
Short-term financial liabilities	1,767.3	(963.4)	51.3	5.5	860.7
Long-term financial liabilities	12,032.6	2,538.0	29.5	-	14,600.1
Financial liabilities on leased assets	58.8	(21.9)	25.5	-	62.4
Current and non-current derivatives	59.3	10.8	(17.6)	-	52.5
Gross debt	**13,918.0**	**1,563.5**	**88.7**	**5.5**	**15,575.7**

Non-current financial liabilities – €52.3 million

(€/m)

	31.12.2025	31.12.2024	Δ
Cash flow hedges	-	11.8	(11.8)
Fair value hedges	52.3	47.0	5.3
TOTAL	**52.3**	**58.8**	**(6.5)**

The item "Non-current financial liabilities", amounting to €52.3 million as at 31 December 2025, includes the fair value measurement of fair value hedge derivatives.

Fair value was measured by discounting the expected cash flows using the market yield curve at the reporting date. The decrease of €6.5 million compared with 31 December 2024 is attributable to changes in the derivatives portfolio and in the market interest rate curve.

Short-term borrowings – €720.3 million

The item "Short-term borrowings", amounting to €720.3 million as at 31 December 2025, shows a decrease of €936.8 million compared with the previous year, due to the repayment of short-term credit lines and Commercial Paper, mainly by the Parent Company. Short-term loans granted to the subsidiary Ste Energy S.r.l., acquired during the financial year, are also recognised (up €5.5 million).

Current financial liabilities – €141.2 million

(€/m)

	31.12.2025	31.12.2024	CHANGE
Foreign exchange cash flow hedges	-	1.7	(1.7)
DEFERRED LIABILITIES ON:			
Hedging derivatives	0.8		0.8
Bond issues	105.3	75.2	30.1
Borrowings	35.1	35.0	0.1
TOTAL	**141.2**	**111.9**	**29.3**

Current financial liabilities as at 31 December 2025, amounting to €141.2 million, show an increase of €29.3 million compared with 31 December 2024, mainly attributable to the net financial expenses accrued on bond borrowings and not yet settled (€30.1 million).

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Net debt

Pursuant to the CONSOB Communication of 28 July 2006 and in compliance with Recommendation ESMA n. 32-382-1138 of 2021, the Group's net debt is as follows:

(€/m)

	31.12.2025
A. Cash	288.3
B. Cash and cash equivalents*	1,544.4
C. Other current financial assets**	742.1
D. Liquidity (A) + (B) + (C)	**2,574.8**
E. Current financial liabilities (including debt instruments, but excluding the current portion of non-current financial liabilities)	720.3
F. Current portion of non-current debt***	916.4
G. Current debt (E+F)	**1,636.7**
H. Net current debt (G) - (D)	**(938.1)**
I. Non-current financial liabilities (excluding the current portion and debt instruments)****	6,946.5
J. Debt instruments*****	6,991.8
K. Non-current net debt (I) + (J)	**13,938.3**
L. Net debt (H) + (K)	**13,000.2**

* *This corresponds to the item 'Cash and cash equivalents' with regard to the value of short-term deposits.*

** *Corresponds with the item, "Current financial assets" relating to the value of government securities (€631.4 million), time deposits (€100 million) and accrued interest income (€10.7 million).*

*** *Corresponds with the item, "Current portion of long-term borrowings" relating to the short-term portion of long-term borrowings (€176.0 million), the short-term portion of bond issues (€579.9 million) and the short-term portion of liabilities on leased assets (€19.9 million), "Current financial liabilities" and "Current financial assets" relating to the amount of derivative assets and accrued financial income on derivatives (down €0.6 million).*

**** *Corresponds with the item, "Long-term borrowings" relating to the value of borrowings (€6,851.7 million) and the long-term portion of lease liabilities (€42.5 million) and "Non-current financial liabilities" relating to the value of derivative liabilities (€52.3 million).*

***** *Corresponds to the item "Long-term borrowings" for the value of bond borrowings (€6,992.5 million) and to the item "Non-current financial assets" for the value of derivative assets relating to bonds (down €0.7 million).*

Default risk and debt covenants

This risk is associated with the possibility that the loan agreements or bond terms and conditions to which the Group is a party may contain provisions that, if certain events occur, authorise counterparties to call in such loans immediately, thereby generating liquidity risk.

Certain long-term loans obtained by the Parent Company, Terna S.p.A., contain covenants of a non-financial nature that are typical of international practice. The principal covenants relate to:

- the Company's bond debt, consisting of two hybrid, perpetual green bond issues for a total amount of €1,850,000,000, a new perpetual, subordinated hybrid European Green Bond, issued in January 2026 under Terna's EMTN Programme (with a programme size of €4,000,000,000), listed on the MOT, with a nominal amount of €850 million; and thirteen issuances under its EMTN Programmes (i.e. (i) the €12,000,000,000 EMTN Programme authorised by the Commission de Surveillance du Secteur Financier (CSSF) and listed on the Luxembourg Stock Exchange; and (ii) the €4,000,000,000 EMTN Programme approved by CONSOB and listed on the Electronic Bond Market (MOT) of Borsa Italiana); and bank debt, consisting of revolving credit facilities and bilateral credit lines (so-called "bank debt");
- a series of loans to the Company from the European Investment Bank (EIB), amounting to a total of approximately €4.7 billion.

The main covenants relating to bond issues and the aforementioned EMTN Programme involve clauses regarding i) "negative pledges", on the basis of which the Issuer or its Relevant Subsidiaries undertake not to create or maintain mortgages, pledges or other encumbrances on their assets or revenue to guarantee specific financial debt, unless the encumbrances are extended on an equal or pro rata basis to the bond issues in question (with the exception of certain "permitted guarantees"); ii) "pari passu", on the basis of which the securities constitute a direct, unconditional and unsecured obligation by the Issuer, ranking equally among them and with at least the same level of seniority as other present and future unsecured and non- subordinated borrowings of the Issuer; iii) "event of default", on the basis of which if certain predetermined events occur (e.g., failure to make a repayment, the liquidation of the Issuer, the breach of contractual obligations, a cross-default, etc.) a situation of default is established and the loan is immediately called in.

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The main covenants relating to bank borrowings involve clauses related to i) negative pledges, on the basis of which the Issuer or the Relevant Subsidiaries undertake not to create or maintain guarantees on their assets to secure borrowings, with the exception of "permitted guarantees"; ii) pari passu on the basis of which the Borrower's payment obligations in relation to the loan agreements in question are not subordinated to any obligation related to other unsecured and non-subordinated creditors, without prejudice to privileges under the law; iii) "event of default", on the basis of which if certain predetermined events occur (e.g. failure to make a repayment, serious inaccuracies in documents and/or declarations, insolvency, business discontinuation, substantially prejudicial effects, the breach of contractual obligations, including pari passu conditions, a cross-default, etc.) a situation of default is established and the loan is immediately called in; iv) "ratings", which involve accelerated repayment should the rating fall below investment grade for the majority of rating agencies or should the Borrower cease to be rated by at least one agency.
The main covenants related to the EIB loans involve clauses related to i) negative pledges, on the basis of which the Company cannot create personal or real guarantees or, more generally, encumbrances, with the exception of encumbrances granted in relation to borrowings below given amounts and under contractually specified circumstances; ii) the provision to the Bank, at its request, of new guarantees should the ratings assigned by the rating agencies fall below the level indicated in the respective contracts agreed or should the Company cease to be rated by the rating agencies; iii) pari passu, on the basis of which the Company ensures that payment obligations rank equally with those related to all other unsecured, non-subordinated creditors, without prejudice to privileges under the law; iv) cases of contract termination/application of the call provision/withdrawal (e.g. failure to make a repayment, serious inaccuracies in documents and/or declarations, insolvency, events that have a negative impact on financial commitments made by the Company, extraordinary administration, liquidation, substantial prejudicial changes, the breach of contractual commitments, etc.); v) accelerated loan payment following the occurrence of given events (e.g. change of control over the Company, loss of the concession, extraordinary corporate events, etc.).

27. Employee benefits – €47.8 million

The Group provides its employees with benefits during their period of employment (loyalty bonuses), on termination of employment (TFR, energy discounts, additional months' pay and payment in lieu of notice) and after termination in the form of post-employment benefits (ASEM health cover).
Loyalty bonuses are payable to the Group's employees and senior managers once certain requirements have been met regarding length of service (on completing 25 and 35 years of service).
Termination benefits (TFR) are payable to all employees, whilst employees hired by 30 June 1996 receive energy discounts, senior managers recruited or appointed before 28 February 1999 receive payment in lieu of notice and employees (blue-collar workers, office staff and middle managers) employed prior to 24 July 2001 are due additional months' pay on termination.
Post-employment benefits consist of a form of supplementary health cover in addition to that provided by the Italian national health service, as provided for in the national collective contract for industrial managers (the ASEM health plan).
The following table shows the composition of provisions for TFR and other employee benefits and movements during the year ended 31 December 2025:

(€/thousands)

	31.12.2024	CONTRIBUTION OF NEWLY ACQUIRED ENTITIES	PROVISIONS	INTEREST COST	WITHDRAWALS	OTHER MOVEMENTS	ACTUARIAL GAINS/ (LOSSES)	31.12.2025
Benefits during the period of employment								
Loyalty bonuses and other incentives	4.5	-	0.1	0.1	(0.2)	-	-	4.5
Total	**4.5**	**-**	**0.1**	**0.1**	**(0.2)**	**-**	**-**	**4.5**
Termination benefits								
Deferred compensation benefits (TFR)	26.6	0.5	0.4	0.8	(1.8)	-	(0.4)	26.1
Energy discounts	2.1	0.1	-	0.1	(0.1)	(0.1)	0.1	2.2
Additional months' pay	4.7	0.1	0.2	0.1	(0.3)	(0.2)	-	4.6
Other similar benefits	0.8		0.4	-	(0.2)	-	-	1.0
Total	**34.2**	**0.7**	**1.0**	**1.0**	**(2.4)**	**(0.3)**	**(0.3)**	**33.9**
Post-employment benefits								
ASEM health plan	9.5	-	0.4	0.3	(0.4)	-	(0.4)	9.4
Total	**9.5**	**-**	**0.4**	**0.3**	**(0.4)**	**-**	**(0.4)**	**9.4**
TOTAL	**48.2**	**0.7**	**1.5**	**1.4**	**(3.0)**	**(0.3)**	**(0.7)**	**47.8**

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The item, amounting to €47.8 million as at 31 December 2025, decreased by €0.4 million compared with 31 December 2024, mainly attributable to utilisations (down €3.0 million, in particular of the TFR and IMA provisions, largely related to workforce turnover initiatives implemented by the Company in recent years), partly offset by higher provisions and interest cost for the period (up €2.9 million, mainly relating to post-employment benefits).

The following table shows the current service cost and interest income and expense.

(€/m)

	LOYALTY BONUSES AND OTHER INCENTIVES	TFR	ADDITIONAL MONTHS' PAY	ENERGY DISCOUNTS	ASEM HEALTH PLAN	TOTAL
Net impact recognised in profit or loss						
- current service cost	0.1	-	0.2	-	0.4	0.7
- interest income and expense	0.1	0.8	0.1	0.1	0.3	1.4
TOTAL RECOGNISED IN PROFIT OR LOSS	**0.2**	**0.8**	**0.3**	**0.1**	**0.7**	**2.1**

The revaluation of the net liability for employee benefits is shown in the following table, which provides details of the type of actuarial gain or loss recognised in other comprehensive income.

(€/m)

	TFR	ENERGY DISCOUNTS	ASEM HEALTH PLAN	TOTAL
Actuarial gains/(losses)				
- based on past experience	(0.1)	0.1	0.4	0.4
- due to changes in discount rate	(0.3)	-	(0.8)	(1.1)
TOTAL IMPACT ON COMPREHENSIVE INCOME	**(0.4)**	**0.1**	**(0.4)**	**(0.7)**

Finally, the following tables show the main actuarial assumptions applied, a sensitivity analysis of movements in the assumptions and the payment schedule for the plan. In line with 2024, the interest rate used to determine the present value of the obligation was calculated on the basis of the yield on the Iboxx Eurozone Corporates AA index at 31 December 2025, matching the duration of the relevant Group of plan participants.

	LOYALTY BONUSES AND OTHER INCENTIVES	TFR	ADDITIONAL MONTHS' PAY	ENERGY DISCOUNTS	ASEM HEALTH PLAN
Discount rate	3.96%	3.37%	3.09%	3.37%	3.96%
Inflation rate	2.00%	2.00%	-	-	2.70%
Duration (in years)	18.51	5.89	1.98	4.69	13.32

(€/m)

	LOYALTY BONUSES AND OTHER INCENTIVES	TFR	ADDITIONAL MONTHS' PAY	ENERGY DISCOUNTS	ASEM HEALTH PLAN	TOTAL
Discount rate +0.25%	0.9	3.3	0.5	0.2	6.0	**10.9**
Discount rate -0.25%	0.9	3.4	0.5	0.2	6.4	**11.4**
Inflation rate +0.25%	0.9	3.4	-	-	-	**4.3**
Inflation rate -0.25%	0.9	3.3	-	-	-	**4.2**
Annual rate of increase in health costs +3%	-	-	-	-	6.3	**6.3**
Annual rate of increase in health costs -3%	-	-	-	-	6.1	**6.1**

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(€/m)

	LOYALTY BONUSES AND OTHER INCENTIVES	TFR	ADDITIONAL MONTHS' PAY	ENERGY DISCOUNTS	ASEM HEALTH PLAN	TOTAL
By the end of 2025	0.2	4.6	2.2	0.4	0.7	**8.1**
By the end of 2026	0.2	1.0	0.6	-	0.7	**2.5**
By the end of 2027	0.2	2.7	0.6	0.2	0.7	**4.4**
By the end of 2028	0.2	3.7	0.3	0.3	0.8	**5.3**
By the end of 2029	0.2	3.3	0.3	0.4	0.9	**5.1**
after 5 years	3.5	10.8	0.7	0.9	5.5	**21.4**
TOTAL	**4.5**	**26.1**	**4.7**	**2.2**	**9.3**	**46.8**

28. Provisions for risks and charges – €239.7 million

(€/m)

	PROVISIONS FOR LITIGATION AND DISPUTES	SUNDRY PROVISIONS FOR RISKS AND CHARGES	PROVISIONS FOR EARLY RETIREMENT INCENTIVES	TOTAL
Amount at 31 December 2024	**11.1**	**119.0**	**39.8**	**169.8**
Contribution of newly acquired entities	-	1.0	-	1.0
Provisions	4.1	91.8	8.7	104.6
Amounts utilised	(1.0)	(21.9)	(6.8)	(29.7)
Other movements	(5.1)	(1.4)	0.5	(6.0)
Amount at 31 December 2025	**9.1**	**188.5**	**42.2**	**239.7**

Provisions for litigation and disputes – €9.1 million

These provisions, set aside to cover outstanding liabilities that, at the end of the year, could result from court judgements and out-of-court settlements regarding the activities of Group companies, have been assessed partly on the basis of recommendations from internal and external legal advisors. The balance at 31 December 2025, amounting to €9.1 million, primarily regards disputes involving the Parent Company in relation to the payment of damages relating to operation and maintenance, requests for compensation for easements and labour and social security disputes. This is down by a net €2.0 million compared with the previous year as a result of lower net provisions during the year.

Provisions for sundry risks and charges – €188.5 million

The provision, amounting to €188.5 million as at 31 December 2025, mainly includes liabilities related to urban and environmental redevelopment projects (€32.7 million), regulation of electricity service quality (€4.7 million), electricity line crossing fees and custody deposit charges (€37.9 million and €15.6 million, respectively), as well as tax-related matters (€24.3 million). Net provisions of the Tamini Group (up €29.0 million, mainly relating to current-year risks associated with the product warranty provision and the customer penalty provision).

These provisions are up by a net €69.5 million, compared with the previous year reflecting:

- net provisions for right-of-way fees (€3.1 million);
- net provisions related to charges for deposit held in custody (€2.6 million);
- net provisions totalling €0.6 million linked to regulation of the quality of the electricity service (the mitigation and sharing mechanism introduced by ARERA Resolution no. 653/2015/R/eel) which, after uses for estimated penalties linked to outages during the year, reflects payments to distribution companies and releases following final determination of the penalties due to previous years.
- net provisions of the Tamini Group (up €13.5 million, mainly relating to current-year risks associated with the product warranty provision and the customer penalty provision);
- net tax-related provisions (up €21.2 million);
- provisions of €12.5 million for site remediation and restoration costs relating to the decommissioning of certain plants;
- net provision of €18.2 million for the fund relating to urban and environmental redevelopment projects.

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Provisions for early retirement incentives – €42.2 million

Provisions for early retirement incentives reflects the estimated extraordinary expenses to be incurred in relation to the cost of the scheme for the year, linked to the early retirement of Group employees who have reached pensionable age and where the Group has an obligation. This item has increased by a net €2.42 million, reflecting payments in coming years in relation to the existing plan for generational turnover.

29. Other non-current liabilities – €1,210.6 million

This item, amounting to €1,210.6 million 31 December 2025, regards accrued grants related to assets receivable by the Parent Company (€54.0 million), in addition to payments on account received in relation to construction of the private Italy-Montenegro, Italy-France and Italy-Austria Interconnectors (totalling €563.7 million).
The item also includes security deposits received from operators participating in the capacity market pursuant to Resolution no. 98/2011/R/eel (€229.5 million) and in the electricity storage capacity procurement mechanism MACSE – Legislative Decree No. 210/21 (€65.9 million), the Interconnector Guarantee Fund established with Terna S.p.A. under the 2016 Stability Law (€204.2 million) for the construction of interconnection works referred to in Article 32 of Law No. 99/09, as well as the remeasurement of the contingent liability for the acquisition of the 11.0% minority interest in the subsidiary Altenia S.r.l. (€27.3 million).
The increase in the item compared with the previous year, amounting to €119.1 million, is mainly due to higher security deposits received from operators participating in the capacity market pursuant to Resolution no. 98/2011/R/eel and subsequent amendments (up €40.4 million), the increase in the Interconnector Guarantee Fund (up €21.4 million) and the remeasurement of the contingent liability relating to the acquisition of the minority interest in the Altenia Group (up €4.7 million). Finally, the aforementioned recognition of security deposits received from operators participating in the electricity storage capacity procurement mechanism MACSE (up €65.9 million).

30. Current liabilities

(€/m)

	31.12.2025	31.12.2024	CHANGE
Short-term borrowings *	720.3	1,657.1	(936.8)
Current portion of long-term borrowings *	775.8	681.0	94.8
Trade payables	3,886.6	3,443.4	443.2
Current liabilities arising from contracts with customers	126.6	81.1	45.5
Tax liabilities	45.5	112.3	(66.8)
Current financial liabilities *	141.2	111.9	29.3
Other current liabilities	1,036.8	776.9	259.9
TOTAL	**6,732.8**	**6,863.7**	**(130.9)**

** Information on these items is provided in note 26. Borrowings and financial liabilities.*

Trade payables – €3,886.6 million

(€/m)

	31.12.2025	31.12.2024	CHANGE
Trade payables:			
- Energy-related payables	2,197.1	2,169.2	27.9
- Non-energy-related payables	1,682.1	1,273.5	408.6
Amounts due to associates	7.4	0.7	6.7
TOTAL	**3,886.6**	**3,443.4**	**443.2**

Trade payables

Energy-related/regulated payables - €2,197.1 million

The increase in this line item of €27.9 million compared with the balance at the end of the 2024 financial year is mainly attributable to:

- an increase in debt exposure related to the Capacity Market (€82.3 million) due to higher costs incurred during the period.

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- an increase in payables relating to units essential for the security of the electricity system (UESS) (€73.9 million), due to lower payments made in 2025 for the reimbursement of costs determined by ARERA to plant operators; ;
- higher payables related to the extraordinary modulation service (€72.9 million), due to charges arising from balancing adjustments to be settled with service providers in the early months of 2026;
- a decrease in payables (€140.8 million) relating to costs within the balancing and redispatching market (MBR);
- a reduction in payables (€24.1 million) linked to the procurement of resources under the ITC (Inter-TSO Compensation) mechanism.

Non-energy items – payables: €1,682.1 million

The exposure to suppliers regards invoices received and to be received for contract work, services and purchases of materials and equipment.

The balance as at 31 December 2025 (€1,682.1 million) shows an increase of €408.6 million compared with the same figure for the previous financial year, mainly attributable to higher investment activities carried out in the final part of the year, primarily by the subsidiary Terna Rete Italia S.p.A. (up €289.2 million), as well as to higher payables of the Parent Company (up €88.2 million), the Altenia Group (up €33.9 million) and the Tamini Group (up €19.8 million).

Amounts due to associates

The item, amounting to €7.4 million, increased by €6.7 million compared with the previous year, mainly due to higher payables to the associate CESI S.p.A. for services received, primarily by the subsidiary Terna Rete Italia S.p.A. (€5.7 million) and the Parent Company (€1.0 million) relating to electrical engineering studies and research endeavours.

Current liabilities arising from contracts with customers

Current liabilities arising from contracts with customers amounted to €126.6 million as at 31 December 2025, representing an increase of €45.5 million compared with the balance at 31 December 2024 (€81.1 million), mainly driven by projects carried out by the Brugg Cables Group (up €42.0 million) and the Tamini Group (up €10.8 million), net of lower project volumes at Terna Energy Solutions S.r.l. (down €14.7 million).

This item breaks down as follows.

(€/m)

	PREPAYMENTS	VALUE OF CONTRACT	BALANCE AT 31 DECEMBER 2025	PREPAYMENTS	VALUE OF CONTRACT	BALANCE AT 31 DECEMBER 2024
Current liabilities arising from contracts with customers	302.0	(175.4)	**126.6**	193.9	(112.8)	**81.1**

The carrying amount of trade payables broadly approximates to fair value.

The commitments assumed by the Group towards suppliers amount to approximately €8,545.9 million and regard purchase commitments linked to the normal “operating cycle” projected for the period 2024-2028.

Tax liabilities

The item as at 31 December 2025 shows a balance of €45.5 million, decreasing from €112.3 million recognised at 31 December 2024. The change is attributable to the combined effect of the settlement of the 2024 income tax balance (€112.3 million) and the payment of advances for the 2025 financial year (€469.7 million), net of the recognition of current income taxes for the period (€515.2 million).

[34] ARERA ordered payments to Essential Unit owners through resolutions nos. 17-36-49-84-96-108-135-208-230-256-257-273-291-318-319-327-342-431-432-446-453-465-472-473-474-483-484-494-510-530-531-540-541/2025.

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Other current liabilities – €1,036.8 million

(€/m)

	31.12.2025	31.12.2024	CHANGE
Prepayments	549.3	332.6	216.7
Other tax liabilities	21.1	38.0	(16.9)
Social security payables	43.5	37.1	6.4
Amounts due to personnel	80.4	84.5	(4.1)
Other payables due to third parties	342.5	284.7	57.8
TOTAL	**1.036.8**	**776.9**	**259.9**

Prepayments

This item amounts to €549.3 million at 31 December 2025 and regards grants related to assets collected by the Group (of which €542.9 million attributable to the Parent Company) to fund the construction of non-current assets in progress at 31 December 2025. Compared with the balance at 31 December 2024 (€332.6 million) this item is up €216.7 million, essentially due to new prepayments received from third parties after grants deducted directly from the carrying amount of the related assets, totalling €44.7 million.

Other tax liabilities

Other tax payables, amounting to €21.1 million, decreased by €16.9 million compared with the previous financial year, mainly attributable to lower VAT payables recognised at the reporting date (down €19.1 million).

Social security payables

Social security payables, essentially relating to contributions payable to INPS (the National Institute of Social Security) by the Parent Company and the subsidiary, Terna Rete Italia S.p.A., amount to €43.5 million. The figure is up €6.4 million compared with the previous year, due to an increase in contributions payable. The item also includes a payable relating to the Electricity Pension Fund (F.P.E.) of €2.2 million (unchanged compared with 31 December 2024).

Amounts due to personnel

Payables to employees, amounting to €80.4 million, decreased by €4.1 million compared with the balance recognised at 31 December 2024 and mainly relate to:

- staff incentives payable in the following year (€52.4 million);
- amounts due to employees in the form of accrued and unused annual leave and bank holiday entitlements (€21.5 million);
- benefits payable to personnel leaving the Company by 31 December 2025 (€0.9 million).

Other payables due to third parties

Other payables due to third parties, amounting to €342.5 million, primarily regard guarantee deposits (€247.7 million) received from electricity market operators to guarantee their contractual obligations under dispatching and virtual interconnection contracts. This item also includes the potential liabilities attributable to the Brugg Cables Group, arising from the Purchase Price Allocation (€33.3 million, covered by an insurance policy) and resulting from ongoing litigation regarding a number of contracts with Colombian counterparties, and deferred income (€46.7 million, primarily attributable to the Group's non-regulated business).

The item showed an overall increase of €57.8 million, mainly attributable to lower security deposits collected during the financial year (€64.9 million).

31. Discontinued operations and assets held for sale

The items, "Discontinued operations and assets held for sale" and "Liabilities related to discontinued operations and assets held for sale" included the assets and liabilities that make up the net assets attributable to the companies included in the agreement signed by the Terna Group and CDPQ, a global investment group, on 29 April 2022 for the sale of all the Group's power line assets in Brazil, Peru and Uruguay.

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In this context:

- The **first closing**, relating to the Brazilian companies SPE Santa Maria Transmissora de Energia S.A., SPE Santa Lucia Transmissora de Energia S.A. and SPE Transmissora de Energia Linha Verde II S.A., was finalised on **7 November 2022**;
- The **second closing**, referring to the Uruguayan company Difebal S.A., owner of a power line in Uruguay, was finalised on **22 December 2022**;
- The **third closing** was finalised on **18 November 2024** and concerned the sale to CDPQ of the company SPE Transmissora de Energia Linha Verde I S.A., owner of a power line of about 150 km in Brazil.

With regard to the project in Peru, following the inability to proceed with the disposal process of the company to CDPQ due to the communication of the negative outcome of the purchaser qualification procedure by the competent authority – MINEM, the Group initiated discussions with Engie Transmisión Perú S.A. (a company of the Engie Group), which submitted a binding offer for the acquisition of the project in Peru, which is expected to be completed within 12 months.

Specifically, this item reflects the reclassification pursuant to IFRS 5 of net assets attributable to the Peruvian company Terna Peru S.A.C.

(€/m)

ASSETS	31.12.2025	31.12.2024	CHANGE
Property, plant and equipment	1.4	1.4	-
Intangible assets	19.6	21.2	(1.6)
Deferred tax assets	1.7	2.2	(0.5)
Non-current financial assets	2.4	2.4	-
Inventories	0.3	0.4	(0.1)
Trade receivables	0.1	0.1	-
Cash and cash equivalents	2.8	1.9	0.9
Income tax assets	0.1	0.3	(0.2)
Other current assets	1.3	1.4	(0.1)
Total assets	**29.7**	**31.3**	**(1.6)**
Accumulated impairment recognised on remeasurement of fair value less costs to sell	(15.9)	(15.9)	-
TOTAL ASSETS RELATED TO ASSETS HELD FOR SALE	**13.8**	**15.4**	**(1.6)**
LIABILITIES			
Trade payables	0.2	0.2	-
TOTAL LIABILITIES RELATED TO ASSETS HELD FOR SALE	**0.2**	**0.2**	**-**
TOTAL NET ASSETS RELATED TO ASSETS HELD FOR SALE	**13.6**	**15.2**	**(1.6)**
Amounts included in OCI:			
Foreign currency translation reserve	0.2	2.5	(2.3)
Total reserves related to assets classified as held for sale	**0.2**	**2.5**	**(2.3)**

Net assets held for sale amounted to €13.8 million at 31 December 2025, and mainly reflect investments on infrastructure under concession in Peru related to the subsidiary Terna Peru S.A.C.
This item was virtually in line with the figure posted at 31 December 2024.

Cash flow

The following statement of cash flows shows cash flows attributable to the Latin American assets held for sale:

(€/m)

	CASH FLOW 2025	CASH FLOW 2024
Operating Cash Flow	(0.7)	(0.8)
Cash flow for investing activities	1.6	(0.9)
Cash flow for the year attributable to discontinued operations and assets held for sale	**0.9**	**(1.7)**

Cash absorbed by operating activities in Latin America amounted to €0.7 million, offset by relating to concession infrastructure in Peru (down €1.6 million), resulting in a net change in cash and cash equivalents of €0.9 million.

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E. Commitments and risks

Risk management

In the course of its operations, the Terna Group is exposed to different financial risks: market risk, liquidity risk and credit risk.

This section provides information regarding the Terna Group's exposure to all the above risks, along with a presentation of the objectives, policies and processes for managing those risks and the methods used to assess them, with further quantitative disclosures concerning the separate financial statements for 2025.

The Group's risk management policies seek to identify and analyse the risks that Group companies are exposed to, establishing appropriate limits and controls and monitoring the risks and compliance with such limits. These policies and the related systems are reviewed on a regular basis, in order to take account of any changes in market conditions or in the companies' operations.

The Terna Group's exposure to the aforementioned risks is substantially represented by the exposure of the Parent Company.

As a part of the financial risk management policies approved by the Board of Directors, Terna has established the responsibilities and operating procedures for financial risk management, specifically as concerns the instruments to be used and the precise operating limits to apply in managing them.

The following table shows financial statement items exposed to the above risks.

(€/m)

	31.12.2025			31.12.2024		
	RECEIVABLES AT AMORTISED COST	FAIR VALUE	TOTAL	RECEIVABLES AT AMORTISED COST	FAIR VALUE	TOTAL
Assets						
Derivative financial instruments	-	1.3	1.3	-	-	-
Cash on hand, securities and deposits	1,932.7	631.4	2,564.1	2,511.5	226.5	2,738.0
Trade receivables and assets arising from contracts with customers	3,190.6	-	3,190.6	3,194.8	-	3,194.8
TOTAL	**5,123.3**	**632.7**	**5,756.0**	**5,706.3**	**226.5**	**5,932.8**

(€/m)

	31.12.2025			31.12.2024		
	RECEIVABLES AT AMORTISED COST	FAIR VALUE	TOTAL	RECEIVABLES AT AMORTISED COST	FAIR VALUE	TOTAL
Liabilities						
Long-term debt	15,382.8	-	15,382.8	13,748.5	-	13,748.5
Derivative financial instruments	-	52.3	52.3	-	60.5	60.5
Trade payables and liabilities arising from contracts with customers	4,030.3	-	4,030.3	3,524.5	-	3,524.5
TOTAL	**19,413.1**	**52.3**	**19,465.4**	**17,273.0**	**60.5**	**17,333.5**

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate as a result of changes in financial market conditions. Market risk includes exchange rate risk, interest rate risk and inflation risk.

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Risk management must be performed with the objective of minimising the related risks by selecting counterparties and instruments compatible with the Company's Risk Management Policy. Speculative activity is not part of the Company's activities.
The Terna Group seeks to adopt a dynamic approach to financial risk management. This approach is characterised by risk aversion, aimed at minimising risk through continuous monitoring of financial markets in order to obtain new financing and conclude hedging transactions in favourable market conditions. The dynamic approach enables the Group to intervene in order to improve existing hedges should there be a change in market conditions or changes in the hedged item, making the hedges inappropriate or excessively costly.
The fair value of financial instruments is determined in accordance with the fair value hierarchy envisaged under IFRS 7 (Level 2), by means of appropriate valuation techniques for each category of financial instrument, using market data at the closing date (such as interest rates, exchange rates and volatility) and discounting projected cash flows on the basis of the market yield curve at the reporting date.

Interest rate risk

Interest rate risk is represented by the uncertainty associated with interest rate fluctuations. This is the risk that a change in market interest rates may produce effects on the fair value or future cash flows of financial instruments.

In the course of its operations, the Group is exposed to the risk of fluctuations in interest rates. Its main source of interest rate risk is associated with its borrowings and the related hedges in the form of derivative instruments that generate financial expenses. The borrowing strategy generally focuses on long-term borrowings, whose term reflects the useful life of the Group's assets. It pursues an interest rate risk hedging policy that aims to guarantee that percentage of debt represented by fixed rate liabilities is at least 40%, as provided for in the relevant policies.

At the end of 2025, 78% of the Group's is fixed rate.
At 31 December 2025, interest rate risk is hedged by cash flow hedges which hedge the risk connected with the fair value of borrowings and movements in interest rates relating to borrowings.

Below are the notional amounts and fair values of the derivative financial instruments entered into by the Terna Group:

(€/m)

	31.12.2025		31.12.2024		Δ	
	NOTIONAL	FAIR VALUE	NOTIONAL	FAIR VALUE	NOTIONAL	FAIR VALUE
Fair value hedges	1,400.0	(52.3)	950.0	(47.0)	450.0	(5.3)
Cash flow hedges	1,368.5	0.7	1,886.6	11.8	(518.1)	(11.1)

The notional amount of outstanding cash flow hedges at 31 December 2025, amounting to €1,368.5 million, breaks down as follows:

- €518.5 million (fair value loss of €0.3 million) maturing 2027;
- €650.0 million (fair value loss of €5.5 million) maturing 2029;
- €100.0 million (fair value gain of €2.7 million) maturing 2033;
- €100.0 million (fair value gain of €3.8 million) maturing 2035;

The notional amount of fair value hedges at 31 December 2025, amounting to €1400.0 million, breaks down as follows:

- €850.0 million (fair value loss of €44.3 million) maturing 2030;
- €150.0 million (fair value loss of €0.7 million) maturing 2045;
- €400.0 million (fair value loss of €7.3 million) maturing 2046;

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Sensitivity to interest rate risk

Terna has floating-to-fixed interest rate swaps in place to manage the risk of movements in interest rates.
Since the hedging relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge, as verified initially and periodically over its life, is high, the Company has elected to use hedge accounting to ensure a perfect match between the maturities of the hedge and the hedged item. The aim of hedge accounting is to recognise the effects of the hedges and the hedged items in profit or loss at the same time. Accordingly, in the case of cash flow hedges, changes in the fair value of the derivative must be recognised in "Other comprehensive income" (recognising any ineffective portion immediately through profit or loss) and then recycled through profit or loss in the same period in which the cash flows of the hedged instrument materialise. The characteristics of cash flow hedges mirror those of the underlyings, with the timing of the related cash flows matching the timing of interest payments on the debt, without changes in fair value having any impact on profit or loss.

The following table reports the amounts recognised through profit or loss and in "Other comprehensive income" for positions that are sensitive to changes in interest rates, in addition to the theoretical value of the positions following a positive or negative shift in the yield curve and the differential impact of such changes recognised through profit or loss and in "Other Comprehensive Income". A hypothetical 10% movement in interest rates with respect to market interest rates at the reporting date was assumed.

(€/m)

	PROFIT OR LOSS			COMPREHENSIVE INCOME		
	CURRENT RATES +10%	CURRENT AMOUNTS	CURRENT RATES -10%	CURRENT RATES +10%	CURRENT AMOUNTS	CURRENT RATES -10%
31.12.2025						
Positions sensitive to interest rate variations (FVHs, bond issues, CFHs)	(1.1)	**(1.2)**	(1.3)	24.7	**13.4**	1.9
Hypothetical change	*0.1*	-	*(0.1)*	*11.3*	-	*(11.5)*
31.12.2024						
Positions sensitive to interest rate variations (FVHs, bond issues, CFHs)	(0.2)	**(0.6)**	(1.0)	(4.8)	**(29.1)**	(53.8)
Hypothetical change	*0.4*	-	*(0.4)*	*24.3*	-	*(24.8)*

Regulators around the world have launched a reform of IBOR (Interbank Offered Rates), which are used as the benchmark for most financial instruments sold throughout the world, with the aim of restoring confidence in the benchmark. The transition from EONIA to ESTR took place in 2022 without any significant impact. The Group is continuing to closely monitor the market and the results produced by the various working groups overseeing the transition to the new benchmark rates for the other maturities (EURIBOR). Management is aware of the associated risks and, for this reason, the Group plans to complete the transition in step with the change in the related legislation. At the same time, all the new financial contracts contain fallback provisions governing the transition period.

Inflation risk

Regarding inflation risk, the rates established by the regulator to provide a return on Terna S.p.A.'s activities are determined so as to cover the allowed costs. Such cost components are updated on an annual basis to take into account the impact of inflation.

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Exchange rate risk

The management of exchange rate risk must aim to protect a company's earnings from the risk of currency fluctuations by keeping a close eye on market movements and constantly monitoring the existing exposures. In managing this risk, Terna from time to time selects hedging instruments with structures and durations matching the Group's exchange rate exposure. The instruments used by Terna are of limited complexity, highly liquid and easy to price, such as forwards and options. Such contracts have a notional amount and maturity date less than or equal to that of the underlying financial liability, or the expected cash flows, so that any change in the fair value and/or estimated cash flows deriving from a rise or fall in the euro against other currencies is fully offset by a corresponding change in the fair value and/or estimated cash flows of the underlying position.
At 31 December 2025, the Group's exposure to the impact of exchange rate risk on its income statement is residual and linked to foreign currency cash flows from the subsidiaries, Tamini and Brugg.

Liquidity risk

Liquidity risk is the risk that the Terna Group might encounter difficulty in discharging its obligations in respect of its financial liabilities and operating cycle. Liquidity risk management seeks to ensure adequate coverage of borrowing requirements by obtaining adequate credit lines and appropriate management of any surplus liquidity. As at 31 December 2025, the Group had available short-term credit facilities of approximately €897.2 million (out of total committed facilities of approximately €1,223.7 million), revolving credit facilities of €4,055.0 million (out of a total of €4,305.0 million), and an undrawn bank loan of €299.0 million. Furthermore, the Parent Company has in place a Euro Commercial Paper Programme (ECP) with a maximum overall amount of €2,000 million, of which €1,605.0 million remained available as at 31 December 2025.

Credit risk

Credit risk is the risk that a customer or a counterparty to a financial instrument will cause a financial loss by failing to fulfil an obligation and arises primarily from the Group's trade receivables, contract assets and financial investments.
The credit risk originated by open positions on transactions in derivatives is considered to be marginal since the counterparties, in compliance with the financial risk management policies adopted, are leading international banks with high ratings.

Terna provides its services essentially to counterparties considered solvent by the market, and therefore with a high credit standing, and does not have high concentrations of credit risk.

Credit risk management is driven by the provisions of ARERA Resolution no. 111/06, which, in art. 49, introduced instruments designed to limit the risks related to the insolvency of dispatching customers, both on a preventive basis and in the event of an actual insolvency. In particular, the Resolution establishes three instruments to safeguard the electricity market: a guarantee system (bank guarantees provided by individual dispatching customers, based on their turnover); the option of terminating dispatching contracts (in the event of insolvency or failure to replace enforced guarantees); and, finally, the possibility of recovering uncollected debts, after having taken all other possible collection actions, through a specific fee to be fixed by ARERA.

The following table summarises the exposure to such risk at the reporting date:

(€/m)

	31.12.2025	31.12.2024	CHANGE
Derivative financial instruments	1.3	-	1.3
Cash on hand, securities and deposits	2,564.1	2,738.0	(173.9)
Trade receivables and assets arising from contracts with customers	3,190.6	3,194.8	(4.2)
TOTAL	**5,756.0**	**5,932.8**	**(176.8)**

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The total exposure to credit risk as at 31 December 2025 is represented by the carrying amount of trade receivables, contract assets, cash flow hedging (CFH) derivatives and cash and cash equivalents, securities and deposits.

The following tables provide qualitative information on trade receivables regarding the geographical distribution and type of customer.

GEOGRAPHICAL DISTRIBUTION

(€/m)

	31.12.2025	31.12.2024
Italy	2,864.7	2,795.0
Euro-area countries	276.9	346.9
Other countries	49.0	52.9
Total	**3,190.6**	**3,194.8**

CUSTOMER TYPE

(€/m)

	31.12.2025	31.12.2024
Distributors	632.1	682.0
CSEA	102.3	34.5
Dispatching customers for injections	701.3	465.9
Dispatching customers for withdrawals (non-distributors)	1,392.1	1,673.5
Parties which have signed virtual import contracts and virtual import services (interconnectors and shippers)	10.8	12.2
Sundry receivables	352.0	326.7
Total	**3,190.6**	**3,194.8**

The following table breaks down customer receivables by due date, reporting any potential impairment.

(€/m)

	31.12.2025		31.12.2024	
	IMPAIRMENT	GROSS	IMPAIRMENT	GROSS
Current	(1.2)	3,082.8	(3.7)	3,023.0
0-30 days past due	(0.7)	18.5	(0.8)	20.7
31-120 days past due	(0.4)	10.1	(3.2)	19.6
Over 120 days past due	(87.7)	169.2	(86.4)	225.6
Total	**(90.1)**	**3,280.6**	**(94.1)**	**3,288.9**

The movements in the allowance for doubtful accounts during the financial year were as follows

(€/m)

	31.12.2025	31.12.2024
Opening balance as of 01.01.2025	(94.1)	(34.2)
Releases recognised in profit or loss	6.0	19.4
Amounts utilised	0.5	-
Provisions pursuant to Resolution no. 5/2024	(1.4)	(73.6)
Impairments for the year	(1.0)	(5.7)
Balance	**(90.1)**	**(94.1)**

During the period, an impairment loss of €1.4 million was recognised in respect of dispatching receivables that could not be recovered and in respect of which an application for compensation was submitted, as pursuant to ARERA Resolution no. 5/2024[35].

[35] With Resolution no. 5/2024, ARERA defined the procedures for enabling Terna to recognise receivables that, despite the discharge of the necessary debt collection actions, are not recoverable due to the insolvency of dispatching users and holders of contracts for the virtual import service (lenders of interconnectors and shippers - ARERA Resolution no. 179/09).

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The value of guarantees received from eligible electricity market operators is illustrated below.

(€/m)

	31.12.2025	31.12.2024
Dispatching (TIDE)	2,739.1	1,965.9
Transmission charges due from distributors	480.1	426.8
Virtual imports	209.1	125.4
Capacity market	274.2	197.1
Balance	**3,702.5**	**2,715.2**

In view of the start of the consolidation phase of TIDE, scheduled for 1 February 2026, the new BRP (Balance Responsible Party) and BSP (Balancing Service Provider) contracts will enter into force. Consequently, the guarantees associated with the current dispatching contracts for withdrawals and injections, which are being phased out, will need to be replaced by a new single guarantee for each counterparty. This guarantee will be comprehensive in nature, will cover all new BRP and BSP contracts, and will be centrally monitored by Terna.

Non-regulated Activities are exposed to “counterparty risk”, in particular in relation to the entities with which sales contracts are entered into, in consideration of the credibility and solvency of the parties in question and the impact that their possible insolvency could have on the financial strength of the business. Counterparty risk is mitigated by implementing special procedures to assess counterparties, measuring operating, financial and reputational aspects of the counterparties in question.

Default risk and debt covenants

This risk refers to the possibility that financing contracts or bond documentation may include clauses which, upon the occurrence of certain events, entitle counterparties to request the immediate repayment of borrowed amounts, thus potentially generating liquidity risk. More information on the contractual provisions of outstanding borrowings at 31 December 2025 is provided in the section, “Borrowings and financial liabilities” in the notes to the Terna Group’s consolidated financial statements.

Bank and Insurance Guarantees

As at 31 December 2025, the total amount of bank and insurance guarantees issued to third parties in the interest of the Group’s companies amounted to €509.2 million, broken down as follows: €60.4 million in favour of Terna S.p.A., €162.0 million in favour of Tamini Trasformatori S.r.l., €118.5 million in favour of Terna Rete Italia S.p.A., €19.9 million in favour of Terna Interconnector S.r.l., €69.9 million in favour of the Brugg Group, €0.1 million in favour of Terna Plus S.r.l., €4.3 million in favour of Terna Perù S.A.C., €0.8 million in favour of Terna Energy Solutions S.r.l., €0.1 million in favour of Rete S.r.l., and €73.2 million in favour of the Altenia Group.

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Litigation and contingent liabilities

Below is a description of the main commitments and risks not disclosed in the statement of financial position for the year ended 31 December 2025 — the outcomes of which were identified as possible — relating to the Parent Company, Terna S.p.A. ("Terna" or the "Parent Company" or the "Company") and its subsidiary Terna Rete Italia S.p.A.

Contingent liabilities relating to the authorisation, construction and operation of plants owned by the Parent Company

Existing contingent liabilities arise from legal proceedings seeking the annulment of administrative measures authorising the construction and operation of plants owned by the Parent Company, or compensation for damages caused by the operation of such plants. In general terms, these contingent liabilities involve the Parent Company as a necessary party, as the owner of the plants concerned; however, it cannot be ruled out that the parties involved may also bring legal action against the subsidiary Terna Rete Italia S.p.A., on the grounds that the alleged damages may be attributable not only to ownership of the plant but also to its operation, which is carried out by Terna Rete Italia S.p.A.
In relation to some of these proceedings, it is not possible to exclude unfavourable outcomes, which could give rise to costs of a highly uncertain amount for the Parent Company or Terna Rete Italia S.p.A.

Litigation relating to activities carried out under concession

The Parent Company, which has acted as concessionaire for electricity transmission and dispatching activities since 1 November 2005, is involved in various legal proceedings before the competent judicial authorities aimed at the annulment of measures adopted by ARERA, the Ministry of the Environment and Energy Security (MASE), and/or Terna itself, in connection with such activities. In cases in which the plaintiffs have, in addition to inherent defects in the contested determinations, alleged violation of the regulations laid down by the aforementioned authorities, or in cases in which the determination has had an impact on Terna, the Company has also taken action to defend its interests through the legal system. Within the scope of such litigation – even though some cases have been concluded, at first and/or second instance, with the annulment of ARERA's resolutions and, when applicable, of the consequent determinations adopted by Terna – any negative outcomes for the Company itself may be deemed unlikely, as these disputes normally relate to pass-through items.

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F. Business combinations

Acquisition of Ste Energy S.r.l.

On 29 May 2025, Altenia S.r.l. (89% owned by Terna Energy Solutions S.r.l., which is itself owned by Terna S.p.A.) acquired Ste Energy S.r.l. in its entirety. Ste Energy S.r.l. is a company that operates in the design, construction, and maintenance of renewable energy plants and electrical infrastructure. The acquisition is intended to consolidate Altenia S.r.l.'s position as a national market leader in the construction and operation of photovoltaic plants.
The accounting effects of the business combination, recognised on a provisional basis in accordance with IFRS 3 "Business Combinations", are summarised in the table below. Specifically, the consideration paid for the acquisition of Ste Energy S.r.l., along with the value of the assets acquired and the liabilities assumed at the time of acquisition, is summarised below:

Amount of assets acquired and liabilities assumed as at 29 May 2025

(€ thousands)

	FAIR VALUE
ASSETS	
Fixed assets	
Property, plant and equipment	351
Goodwill	6,291
Intangible assets	739
Financial fixed assets	1
Deferred tax assets	267
Other assets	70
Total fixed assets	**7,719**
Current assets	
Trade receivables	16,165
Warehouse	24
Income tax assets	186
Other assets	4,678
Liquid assets	10,932
Total Current Assets	**31,985**
TOTAL ASSETS	**39,704**
LIABILITIES	
Non-current liabilities	
Employee benefits	155
Provisions for risks and charges	985
Non-current financial liabilities	3,922
Total non-current liabilities	**5,062**
Current liabilities	
Short-term borrowings	1,565
Trade payables	13,846
Tax liabilities	1,942
Other liabilities	4,395
Total current liabilities	**21,748**
TOTAL LIABILITIES	**26,810**
NET ASSETS ACQUIRED	**12,894**
Initial Shareholders' Equity	**12,894**
CONSIDERATION	**15,271**
Goodwill	**2,377**

According to IFRS 3, the acquirer must allocate the cost of the business combination by recognising all assets, liabilities and contingent liabilities that meet the relevant recognition criteria, as measured at their fair value on the acquisition date. In this case, the cost of acquiring 100% of the company's capital was €15.3 million.

The amount of consideration was higher than the value of the net assets at the acquisition date, resulting in the provisional recognition of goodwill of approximately €2.4 million.

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Acquisition of Rete 2 S.r.l.

On 30 September 2025, Terna S.p.A. completed the acquisition of 100% of Rete 2 S.r.l., a company operating in the electricity transmission sector. The company is remunerated through returns on specific assets of the National Transmission Grid owned by it, including:

- the Cinecittà substation (9 bays, 220 kV);
- the Magliana substation (8 bays, 150 kV);
- the Smistamento Est substation (12 bays, 150 kV);
- an ATR transformer at the Cinecittà substation (220/150 kV);
- 481 km of transmission lines, with a total of 97 new technical sites.

The accounting effects of the business combination, recognised on a provisional basis in accordance with IFRS 3 "Business Combinations", are summarised in the table below. The consideration paid for the acquisition of Rete 2 S.r.l., together with the amounts of assets acquired and liabilities assumed recognised at the acquisition date, is summarised below:

Amount of assets acquired and liabilities assumed as at 30 September 2025

(€ thousands)

	FAIR VALUE
ASSETS	
Fixed assets	
Property, plant and equipment	132,929
Deferred tax assets	7,550
Total fixed assets	**140,479**
Current assets	
Liquid assets	10
Total Current Assets	**10**
TOTAL ASSETS	**140,489**
LIABILITIES	
Non-current liabilities	
Employee benefits	578
Total non-current liabilities	**578**
Current liabilities	
Other liabilities	142
Total current liabilities	**142**
TOTAL LIABILITIES	**720**
NET ASSETS ACQUIRED	**139,769**
Initial Shareholders' Equity	**139,769**
CONSIDERATION*	**229,254**
Goodwill	**89,485**

** The consideration also includes the price adjustment payable in 2026, amounting to €2.0 million.*

According to IFRS 3, the acquirer must allocate the cost of the business combination by recognising all assets, liabilities and contingent liabilities that meet the relevant recognition criteria, as measured at their fair value on the acquisition date. In this case, the cost of acquiring 100% of the company's capital was €229.3 million.

The amount of consideration was higher than the value of the net assets at the acquisition date, resulting in the provisional recognition of goodwill of approximately €89.5 million.

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G. Related party transactions

Given that Terna S.p.A. is subject to the de facto control of Cassa Depositi e Prestiti S.p.A. (registered office at Via Goito 4, 00185 Rome, Italy and consolidated financial statements available on the website at www.cdp.it), a situation ascertained in 2007, related party transactions entered into by Terna during the year include transactions with the associates (Cesi S.p.A., Coreso S.A. and CGES) and employee pension funds (Fondenel and Fopen), as well as transactions with Cassa Depositi e Prestiti itself, with CDP Reti S.p.A. and with the companies directly or indirectly controlled by the Ministry of the Economy and Finance ("MEF").

Given that Terna Group companies and the companies directly or indirectly controlled by the Ministry of the Economy and Finance meet the definition for classification as "government-related entities", in accordance with IAS 24 – Related Party Disclosures, the Group has elected to adopt the partial exemption – permitted by the standard – from the disclosure requirements in respect of other companies controlled, influenced or jointly controlled by the same government entity.
The remainder of this section provides qualitative and quantitative disclosures on transactions with government-related entities having a significant impact on the Group's results. Amounts relating to pass-through items are not included in these disclosures.
Related party transactions in 2025 broadly regard the provision of services in the course of ordinary activities and conducted on an arm's length basis.
The nature of sales to and purchases from related parties by the Terna Group is shown below, followed by details of the revenue and costs resulting from such transactions during the year and the related assets and liabilities outstanding at 31 December 2025.

RELATED PARTY	REVENUE-GENERATING TRANSACTIONS	COST-GENERATING TRANSACTIONS
Parent		
Cassa Depositi e Prestiti S.p.A.		Credit facilities.
Associates		
Cesi S.p.A.	Rental income on laboratories and other similar facilities for specific uses, dividends.	Technical studies and consultancy, research, design and experimentation.
CORESO S.A.		Technical coordination service for the TSO.
Other related parties		
GSE Group	Metering charge, dispatching charge.	Rental of spaces and workstations.
Webuild S.p.A.	Movement /re-routing of power lines.	Development and construction of infrastructure.
Enel Group	Transmission charge and aggregation of meter readings, dispatching charge, leases and rentals, power line maintenance, movement / re-routing of power lines, housing of fibre cable and maintenance of communications carried over proprietary power lines.	Recovery of energy discount, building services, MV power to new substations, specialist services for connection to Terna's control and protection systems.
Ferrovie Group	Dispatching charge, movement of power lines.	Right-of-way fees.
ENI Group	Dispatching charge.	Contributions for NTG connections, sundry services.
Poste Italiane		Sundry services.
Snam Rete Gas S.p.A.	Movement /re-routing of power lines.	
ANAS S.p.A.	Movement /re-routing of power lines.	Right-of-way fees.
Open Fiber S.p.A.	IRU agreements for fibre.	Provision of services for the rental of fibre.
Fondenel and Fopen		Pension contributions payable by the Terna Group.
Other related parties of the MEF	Sundry services.	
Ansaldo Energia S.p.A.	Infrastructure maintenance.	

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REVENUE AND COSTS

(€/m)

	REVENUE COMPONENTS		
	TRANSMISSION CHARGE AND OTHER REVENUE FROM REGULATED ACTIVITIES	NON-ENERGY-RELATED ITEMS	COST COMPONENTS
De facto parent			
Cassa Depositi e Prestiti S.p.A.	-	0.2	4.8
Total de facto parent	**-**	**0.2**	**4.8**
Associates:			
Cesi S.p.A.	-	-	1.1
CORESO S.A.	-	-	7.4
Total associates	**-**	**-**	**8.5**
Other related parties:			
GSE Group	3.8	0.5	-
Enel Group	2,430.6	7.0	0.7
Eni Group	11.6	9.5	0.2
Ferrovie Group	4.0	1.0	0.9
Anas S.p.A.	-	-	1.0
Webuild S.p.A.	-	-	-
Ansaldo Energia S.p.A.	-	0.3	-
Gruppo Poste Italiane	-	-	0.2
Snam Rete Gas S.p.A.	-	0.1	-
Open Fiber S.p.A.	-	1.2	-
Other related parties of the MEF	-	0.1	2.3
Total other related parties	**2,450.0**	**19.7**	**5.3**
Pension funds:			
Fondenel	-	-	1.0
Fopen	-	-	4.8
Total pension funds	**-**	**-**	**5.8**
TOTAL	**2,450.0**	**19.9**	**24.4**

ASSETS AND LIABILITIES

(€/milioni)

	PROPERTY, PLANT AND EQUIPMENT	RECEIVABLES AND OTHER ASSETS	PAYABLES AND OTHER LIABILITIES		CASH GUARANTEES*	
	CAPITALISED COSTS	OTHER	OTHER	FINANCIAL COSTS		
De facto parent						
Cassa Depositi e Prestiti S.p.A.	31.1	0.1	42.8	90.5	-	(270.0)
Total de facto parent	**31.1**	**0.1**	**42.8**	**90.5**	**-**	**(270.0)**
Associates:						
Cesi S.p.A.	9.9	-	6.2	-	-	0.4
CORESO SA	-	-	1.3	-	-	-
Total associates	**9.9**	**-**	**7.5**	**-**	**-**	**0.4**
Other related parties:						
GSE Group	0.1	0.3	0.2	-	-	-
Enel Group	30.8	479.0	53.5	-	-	829.9
Eni Group	-	6.4	4.4	-	-	126.1
Ferrovie Group	0.4	9.6	25.5	-	-	68.7
ANAS S.p.A.	-	3.6	2.3	-	-	-
Snam Rete Gas S.p.A.	-	-	4.0	-	-	-
Webuild SpA	-	1.9	-	-	-	-
Ansaldo Energia S.p.A.	-	0.4	-	-	-	59.9
Open Fiber S.p.A.	-	0.6	-	-	-	-
Gruppo Poste Italiane	0.1	-	0.5	-	-	-
Other related parties of the MEF	1.1	-	3.5	-	2.9	1,167.1
Total other related parties	**32.5**	**501.8**	**93.9**	**-**	**2.9**	**2,251.7**
Pension funds:						
Fopen	-	-	8.6	-	-	-
Total pension funds	**-**	**-**	**8.6**	**-**		**-**
TOTAL	**73.5**	**501.9**	**152.8**	**90.5**	**2.9**	**1,982.1**

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The impact of related-party transactions or positions on the statement of financial position and the income statement is summarised below:

STATEMENT OF FINANCIAL POSITION

(€/m)

	31.12.2025			31.12.2024		
	TOTAL	RELATED PARTIES	% SHARE	TOTAL	RELATED PARTIES	% SHARE
Property, plant and equipment	21,665.1	73.5	0.3%	19,237.1	61.0	0.3%
Trade receivables	3,190.6	501.9	16.3%	3,151.6	264.6	8.4%
Cash and cash equivalents	1,832.7	2.9	0.2%	2,311.5	-	-
Trade payables	4,013.2	105.0	2.7%	3,524.5	48.5	1.4%
Long-term borrowings	13,886.7	90.5	0.7%	11,410.4	-	0.0%
Other current liabilities	1,036.8	47.6	4.6%	776.9	55.7	7.2%

INCOME STATEMENT

(€/m)

	31.12.2025			31.12.2024		
	TOTAL	RELATED PARTIES	% SHARE	TOTAL	RELATED PARTIES	% SHARE
Revenue from sales and services	3,950.9	2,469.6	62.5%	3,616.2	2,210.3	61.1%
Other revenue and income	82.1	0.2	0.2%	64.0	0.6	0.9%
Raw and consumable materials used	352.7	1.4	0.4%	305.2	1.4	0.5%
Services	428.4	14.6	3.4%	354.4	12.0	3.4%
Personnel expenses	434.3	5.9	1.4%	409.3	5.1	1.2%
Other operating costs	66.8	0.1	0.1%	44.9	2.5	5.6%
Financial expenses	(303.4)	(2.5)	-	(332.1)	-	-

The impact of related party cash flows is shown below:

STATEMENT OF CASH FLOWS

(€/m)

	31.12.2025			31.12.2024		
	TOTAL	RELATED PARTIES	% SHARE	TOTAL	RELATED PARTIES	% SHARE
Cash flow from operating activities	2,627.7	(191.7)	-7.3%	1,476.5	83.3	5.6%
Cash flow from investing activities	(3,835.2)	(12.5)	0.3%	(2,404.1)	(1.7)	0.1%
Cash flow from financing activities	729.6	90.5	0.1	1,859.2	-	-

H. Significant non-recurring, atypical or unusual events and transactions

No significant non-recurring, atypical or unusual events or transactions, involving either third or related parties, took place in 2025.

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I. Notes to the statement of cash flows

Cash flow from **continuing operations** amounts to €2,627.7 million, with approximately €2,813.8 million in operating cash flow and an outflow of approximately €186.1 million generated by changes in net working capital.

Cash outflows from investing activities amounted to €3,835.2 million, mainly attributable to investments in property, plant and equipment of €2,945.2 million (excluding right-of-use assets recognised under IFRS 16), investments in intangible assets of €400.8 million, and €231.6 million relating to the consideration paid for the acquisition of Rete 2 S.r.l. and Ste Energy S.r.l.
The net decrease in **equity** amounted to €802.6 million and is mainly attributable to the distribution of the 2024 final dividend and the 2025 interim dividend to the Parent Company's shareholders, as well as the purchase of own shares to support the new 2025–2029 Performance Share Plan (down €9.0 million). Further details are provided in Note 25. Equity attributable to owners of the Parent and non-controlling interests".
As a result, net cash used in investing activities led to a total outflow of €3,835.2 million, covered in part by cash flow from continuing operations to the extent of €2,627.7 million and in part by an increase in net debt.

The following table shows the reconciliation of net changes deriving from financing activities in the statement of cash flows:

(€/m)

	31.12.2024	CASH FLOW FROM INANCING ACTIVITIES	CHANGE IN FV AND OTHER	31.12.2025
- Long-term borrowings (including current portion)	12,091.4	2,516.1	55.0	14,662.5
- Short-term borrowings	1,657.1	(963.4)	26.6	720.3
Net change deriving from financing activities	**13,748.5**	**1,552.7**	**81.6**	**15,382.8**

L. Government grants

Article 1, paragraphs 125 to 129, of Law 124 of 4 August 2017 (the annual markets and competition law) has introduced a number of measures designed to ensure the transparency of the government grants system. These measures, later amended by Law Decree 34 of 30 April 2019, include an obligation for companies to disclose amounts and information regarding assistance, subsidies, benefits, grants or aid, whether in cash or in kind, in the notes to the annual financial statements and, where applicable, in consolidated financial statements, where such amounts are not of a general nature and do not have the form of a fee, remuneration or compensation and have been received from a public body (paragraph 125-bis). The legislation also requires the disclosure of any grants disbursed (paragraph 126).

In accordance with Circular 5 of 22 February 2019 "Transparency in the government grants system: an assessment of the regulations and interpretation guidance" and Circular 32 of 23 December 2019 "Enterprise and competition", published by Assonime, the Terna Group has adopted the following basis of reporting for government grants:

- the regulations only apply to entities resident in Italy;
- grants have the nature of grants or donations, and represent incentives or subsidies designed to give beneficiaries a recognised economic advantage; the grants therefore take the form of donations or giving and public aid for specific purposes, and are not awarded under a general aid regime;
- the public resources used are exclusively "national";
- grants are reported on a cash basis and if the amount is not less than €10,000 (with reference to each individual beneficiary) in the reporting period.

In line with the above, the following table shows government grants collected/disbursed by the Group in 2025:

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Grants received (paragraph 125-bis)

BENEFICIARY ENTITY	GRANTOR					
	NAME	TAX CODE	VAT NUMBER	TYPE OF TRANSACTION	AMOUNT (€)	NOTES
TAMINI TRASFORMATORI SRL	FONDIMPRESA	97278470584		GRANT	35,800	TRAINING PLAN ID 377806- SAFETY UPDATE 2024
Altenia S.r.l.	FONDIMPRESA	97278470584		GRANT	19,788	Training Plan 406390 - 425968
TERNA SPA	Ministry of Enterprises and Made in Italy		80230390587	Capital government grant	5,810,551	Grants received following the reporting of projects carried out by Terna S.p.A., financed through public funding under the National Operational Programme (NOP) "Enterprises & Competitiveness" 2014–2020 ERDF – Axis IV – Investment Priority 4d – Action 4.3.1*
TERNA SPA	Ministry of Enterprises and Made in Italy		80230390587	Capital government grant	3,415,980	Grants received following the reporting of projects carried out by Terna S.p.A., financed through public funding under the National Operational Programme (NOP) "Enterprises & Competitiveness" 2014–2020 ERDF – Axis IV – Investment Priority 4d – Action 4.3.1*
TERNA SPA	Sicily Region		02711070827	Capital government grant	192,416	Grants received following the reporting of projects carried out by Terna S.p.A., financed through public funding under the Operational Programme (OP) ERDF Sicily 2014-2020 – Thematic Objective 4 – Action 4.3.1*
TOTAL					**9,474,535**	

** These grants are covered by the obligation to publish them in the national state aid register.*

Grants disbursed (paragraph 126)

GRANTOR	NAME	VAT NUMBER	TYPE OF TRANSACTION	AMOUNT (€)	NOTES
TERNA SPA	Politecnico di Torino	00518460019	GRANT	20,000	Grant in support of the postgraduate Master's programme (Level II) in "Artificial Intelligence"
TERNA SPA	SOCIETÀ BOTANICA ITALIANA ONLUS	00464940485	GRANT	56,314	Project Tiny Forest 2025
TERNA SPA	Fondazione Terna	96603750587	GRANT	800,000	Dotazione Fondazione Terna [Terna Foundation endowment]
TERNA SPA	ARNAS (National High-Specialty Hospital Authority)	02315520920	GRANT	20,000	Grant to support the intensive care unit of ARNAS G. Brotzu, Sardinia, under the "Joint Stars of Charity 2025" project
TERNA SPA	Fondazione Accademia Nazionale S. Cecila [S. Cecila National Academy Foundation]	05662271005	GRANT	160,000	Renewed participation as a founding partner
TERNA SPA	Associazione FUKYO O.d.V.	97727100584	GRANT	36,000	Support for study trips abroad and multicultural exchange opportunities for employees' children
TERNA SPA	FONDAZIONE TEATRO DELL'OPERA DI ROMA [ROME OPERA HOUSE FOUNDATION]	00896251006	GRANT	100,000	Cultural partnership supporting the artistic season and initiatives promoting inclusion and music education.
TERNA SPA	MUNICIPALITY OF LAMPEDUSA AND LINOSA	02146780842	GRANT	30,000	Support for the project "The Island, Young People and the Future", aimed at fostering youth participation, inclusion and social cohesion through cultural, sporting and civic activities targeting young people in the local area.
TERNA SPA	Fondazione Intercultura, a non-profit organisation (ONLUS)	00464940485	GRANT	45,000	Scholarships for Terna employees' children for 2025 international exchange programmes
TERNA SPA	Higher Technical Institute Foundation for Energy, Environment and Sustainable Construction	94628870159	GRANT	40,000	Funding of scholarships for the ITS "Networks, Plants and Systems" course
TERNA SPA	POLYTECHNIC UNIVERSITY OF MILAN	04376620151	GRANT	72,000	Participation in the GIRLS@POLIMI project, providing scholarships for equal opportunities.
TERNA SPA	Fondazione Intercultura, a non-profit organisation (ONLUS)	00464940485	GRANT	55,000	Scholarships for Terna employees' children for 2024 international exchange programmes
Total				**1,434,314**	

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M. Significant events after the reporting period

Completion of the installation of the west link of the Tyrrhenian Link: connecting Sicily and Sardinia

At the beginning of **January 2026** the installation of the **first submarine cable of the west link of the Tyrrhenian Link**, one of the most significant infrastructure projects developed by Terna in Italy, was completed.
The interconnection links Sicily and Sardinia and reaches a **record depth of 2,150 metres**, representing a world record for a high-voltage direct current (HVDC) subsea power line. In just over approximately 480 km of cable were installed between Fiumetorto (Termini Imerese) and Terra Mala (Quartu Sant'Elena), with works completed aboard Nexans' vessel Aurora. The Tyrrhenian Link involves a total investment of €3.7 billion and comprises two 500 kV links (east and west), for a total length of approximately 970 km and a transmission capacity of 1,000 MW per link. Completion is expected in 2028. Through its transmission capacity, the Tyrrhenian Link will make a significant contribution to achieving the decarbonisation targets set out in the National Integrated Energy and Climate Plan, enhancing exchange capacity and improving the adequacy and flexibility of the national transmission grid, as well as strengthening interconnections between Campania, Sicily and Sardinia.

Authorisation process launched for new grid infrastructure in the Trieste area

On **12 January 2026**, Terna published the notice regarding the start of the authorisation process by the Friuli-Venezia Giulia Autonomous Region for a **development plan concerning the national electricity grid in the Trieste area**.
The project, with an investment of over €80 million, forms part of Terna's Resilience Plan, aimed at strengthening the local grid against extreme weather events, particularly strong winds, and supporting the increase in demand associated with the electrification of the Port of Trieste. The first of the two planned works involves the construction of an underground cable connection of over 23 km between the Duino Aurisina substation and the "Roiano" primary substation. The second underground cable connection extends for over 9 km between the Valmartinga and Rozzol primary substations. The routing of the power lines and the expansion of the electricity substation have been defined through coordination between Terna, municipalities and the relevant local authorities, with the aim of minimising crossings over privately owned land while maximising the use of publicly managed areas.

Terna ranked among the Top Employers 2026

On **15 January 2026**, the certification body **Top Employers Institute**, which assesses companies based on their HR policies and strategies, **recognised Terna as Top Employer for the second consecutive year**.
The survey confirmed Terna's high standards in 6 macro-areas in the area of Human Resources, examining 20 topics and best practices, including People Strategy, Work Environment, Talent Acquisition, Learning, Diversity, Equity & Inclusion and Well-being. The Top Employer certification confirms the strength of Terna's People Strategy, launched in 2024 with the aim of consolidating an organisational culture based on growth, change and merit, promoting respect for individuals and diversity, and reviewing HR processes to support the development of the Company's human capital. The new model, focused on capacity and talent building, fosters individual and, therefore, organisation-wide performance, leveraging empowerment and merit to boost motivation, engagement and well-being.

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Authorisation process launched for a new substation in the Province of Pisa

On **15 January 2026**, the Ministry of the Environment and Energy Security initiated the authorisation process for a **new Terna Electricity Substation in the Municipality of Castelnuovo di Val di Cecina, in the province of Pisa**. The project, with an investment exceeding €50 million, aims to enhance the development of renewable energy sources in the area, particularly the Larderello geothermal complex, and to improve the quality and reliability of the electricity grid. The substation will be built using compact gas-insulated technology, reducing land use by approximately 60% compared with traditional installations, thereby limiting environmental and landscape impact. The project also includes architectural and landscape integration measures. To connect the new substation to the national transmission grid, two overhead line connections (with a total length of approximately 800 metres) and two underground cables insulated with XLPE (cross-linked polyethylene), for a total length of approximately 4 km, will be constructed, enhancing reliability, efficiency and sustainability. The project forms part of Terna's 2025–2034 Development Plan, which includes around €2 billion of investment in the Tuscan electricity network. The planned works aims to improve the performance and efficiency of the regional electricity system.

Standard Ethics confirms "EE+" rating

On **22 January 2026**, the leading international non-financial rating agency, **Standard Ethics, confirmed Terna's Corporate Rating at "EE+"** (corresponding to a 'Very Strong' rating), **placing the Company within the highest "Sustainable"** bandand among the top performers in the Utilities sector. In particular, more than 99% of the investments under the 2024–2028 Industrial Plan are considered sustainable under the EU Taxonomy, and the Group is committed to defining Science-Based Targets for Nature and achieving a Net Zero target by 2050. Terna has implemented an advanced ESG governance and risk management model, with non-financial reporting aligned with UN, OECD and EU standards. This has enabled the Group to receive the "Best ESG Rating Award" from Standard Ethics for the third consecutive year and to be confirmed among the sector leaders by ISS ESG, CDP, S&P Global and Sustainalytics. As a result of these recognitions, Terna is included in the main international ESG indices, including the Dow Jones Sustainability Index, Euronext Sustainable, MIB ESG, STOXX Global ESG Leaders and FTSE4Good, thereby consolidating its global leadership in environmental, social and governance matters.

Successful completion of the issuance of a new €750 million green bond with a maturity of 7 years

On **26 January 2026**, Terna S.p.A. successfully launched a perpetual, subordinated, hybrid, non-convertible, fixed-rate **European Green Bond**, placed with institutional investors, for a total nominal amount of €850 million. The issuance, following the €750 million senior European Green Bond issued in July 2025, was strongly received by the market, with demand exceeding €7 billion, approximately nine times the offer, and characterised by high-quality and geographically diversified investors. The bond is non-callable for six years, issued at a price of 100%, with a spread of 123 basis points over the mid-swap rate, implying a subordination premium of less than 60 basis points compared with an equivalent senior issue, representing the lowest level ever recorded for a euro-denominated corporate hybrid bond in Europe. The bond pays an annual fixed coupon of 3.875% (effective yield) until, but excluding, the first reset date of 2 February 2032 From that date, if the bond has not been redeemed early, the hybrid instrument will bear annual interest at the five-year euro mid-swap rate plus an initial margin of 123 basis points, increased by an additional 25 basis points from 2 February 2037 and by a further 75 basis points from 2 February 2052. Settlement of the issuance is expected on 2 February 2026. In accordance with Regulation (EU) 2023/2631, it is expected that the proceeds of the issuance will be used to finance or refinance the Company's so-called "eligible green projects", identified or to be identified on the basis of Terna's Green Bond Framework, prepared in July 2025 and aligned with the "Green Bond Principles 2025" published by the International Capital Market Association, as well as with the EU Taxonomy aimed at promoting sustainable investments. It should also be noted that the perpetual hybrid European Green Bond has been issued under Terna's Euro Medium Term Notes (EMTN) Programme, with a total amount of €4,000,000,000, approved in June 2025 (and subsequently updated, most recently on 22 January 2026) by the Italian Securities and Exchange Commission (CONSOB). It is further noted that an application for admission to trading of the bond on the Electronic Bond Market (MOT), managed by Borsa Italiana, will be submitted at the time of issuance.

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Authorisation process launched for new underground cable connections in the Province of Naples

On **29 January 2026**, following the initiation of the authorisation process for the project to connect the "ASI Nola" primary substation to the national transmission grid, Terna published a notice identifying the cadastral plots potentially affected by the works in the Province of Naples. Terna will invest approximately **€50 million in the construction of two new power lines with a total length of 15 km, affecting the municipalities of Nola, Marigliano and Brusciano**. The project includes an 11 km underground power line between the Brusciano primary substation and the "ASI Nola" substation, and a further 4 km underground cable connection between the "ASI Nola" and Nola primary substations, both owned by the local distribution operator. The project aims to strengthen the electricity network in the Naples metropolitan area, improving its resilience and efficiency to meet the growing energy demand of the Nola industrial area. Project documentation is available for consultation by citizens and landowners of the affected plots at the Ministry of the Environment and Energy Security, the Campania Region and the municipalities involved, as well as online via the links provided in the notices published on municipal notice boards and on the regional website. Any comments may be submitted within 30 days from the publication of the notice to the Ministry, with a copy to Terna.

Terna and the Municipality of Florence: dismantling of transmission pylons underway

On **2 February 2026**, Terna **started the removal of electricity transmission towers**, starting with the demolition of a pylon located near the San Giovanni di Dio Hospital. The removal activities were carried out in the presence of the Councillor for Urban Planning, Urban Decorum and Toponymy, Caterina Biti, and the Head of Terna's Central-Northern Transmission Department, Gilberto Ricci. The first phase of the works, lasting approximately three weeks, involves the removal of 2 km of overhead lines and 7 transmission towers, made possible by the prior construction of new underground lines. The intervention forms part of a broader programme for the rationalisation and modernisation of the metropolitan electricity grid, for which Terna has invested over €45 million, with the aim of improving safety, efficiency and sustainability. From spring 2026, three further interventions are planned, also involving the municipalities of Scandicci and Impruneta, enabling the removal of an additional 12 km of overhead lines and 61 towers. Upon completion of the overall programme, with a total of 14 km of lines and 68 towers removed, approximately 50 hectares of land currently occupied by infrastructure (equivalent to around 45 football pitches) will be returned to the local area. In addition, approximately 200 tonnes of steel and 40 tonnes of conductors and earth wires will be recovered and reused through specialised operators. Throughout the works, Terna will cooperate with the Municipality and the Prefecture of Florence to implement temporary traffic management measures, ensuring safety and minimising disruption to circulation.

Formal start of the liquidation process of "Terna 4 Chacas S.A.C."

On **16 February 2026**, the formal initiation of **the voluntary liquidation process of the subsidiary "Terna 4 Chacas S.A.C."** has commenced. The company has carried out the mandatory update of its corporate name in accordance with Peruvian legislation and in line with procedures comparable to those provided under Italian law in similar cases. As of that date, the company's name is "Terna 4 Chacas S.A.C. – En Liquidación". Completion is expected by the end of 2026, subject to unforeseen circumstances.

Increase in electricity consumption in January driven by low temperatures and industrial growth

On **17 February 2026**, it was announced that i**n January 2026 the national electricity demand increased by 4.1% compared with the same month in 2025**, reaching 28 billion kWh, the highest monthly value since 2014. Wind and photovoltaic generation increased by 16%, while the demand for electricity continued the recovery trend that began in September 2025. Adjusted for temperature and calendar effects, demand increased by 2.8%, with consistent growth across the country: +4.2% in the North, +4.1% in the Centre, and +3.9% in the South and the Islands. Industrial electricity consumption, measured by the IMCEI index based on approximately 1,000 energy-intensive companies, increased by 3.8%, driven by the steel, cement, food and non-ferrous metals sectors, while sectors such as mechanical engineering, paper and chemicals recorded declines. The IMSER index for the services sector showed an increase of 4.2% in November 2025. Domestic production covered 88.7% of electricity demand, with an overall increase of 13% and a reduced reliance on energy imports, offset by higher wind, solar and thermoelectric generation. Renewable

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sources accounted for 31.7% of demand, with wind (+16.2%) and photovoltaic (+15.2%) generation increasing, while hydroelectric (-11.4%) and geothermal (-2.2%) generation declined. Total installed capacity reached 84,003 MW, including 43,846 MW of solar and 13,768 MW of wind capacity. In addition, 893,092 new installations were recorded, corresponding to 18,038 MWh of storage capacity and 7,424 MW of nominal power.

Terna ranked first among global electricity companies in S&P Global's "Sustainability Yearbook 2026"

On **18 February 2026**, Terna was recognised among global sustainability leaders, achieving the highest distinction, **"Top 1%", in S&P Global's "Sustainability Yearbook 2026"**, which assessed the ESG performance of over 9,200 companies. With a score of 90 out of 100, Terna achieved the highest rating among more than 200 electricity utilities analysed, confirming its excellence for the ninth consecutive year. The assessment considers environmental impact, climate strategy, human capital management, workplace safety, governance and human rights. The recognition reflects Terna's ESG policies, including the quality of its reporting, CO_2 emissions reduction and human capital management, in line with its commitment to achieving Net Zero Science-Based targets by 2050. This result confirms Terna's role as an enabler of the energy transition and sustainable value creation, with over 99% of its activities aligned with the EU Taxonomy.

Authorisation process launched for two new underground cable connections in the province of Syracuse

On **25 February 2026**, following the start by the Sicilian Region of the authorisation process for the construction of two new connections to the Sortino and Lentini primary substations, Terna published a notice identifying the cadastral plots potentially affected by the works. The project, for which Terna will invest approximately €18 million, aims to strengthen the electricity network in the area, improving its reliability, efficiency and sustainability. **It involves the construction of two new underground power lines with a total length of over 6 km in the municipalities of Sortino, Melilli and Carlentini**. The new infrastructure will connect the Sortino and Lentini primary substations to the "Pantano–Melilli" line, enabling the removal of approximately 50 km of existing overhead lines across the municipalities of Catania, Melilli, Augusta, Carlentini and Priolo Gargallo, thereby freeing approximately 145 hectares of land. These works form part of the infrastructure connected to the "Paternò–Pantano–Priolo" corridor, completed in 2025 and designed to enhance the efficiency and resilience of the regional electricity system. **The infrastructure extends for approximately 63 km between the provinces of Catania and Syracuse, enabling the decommissioning of 155 km of overhead lines and approximately 400 pylons**. Any comments must be submitted within 30 days from publication to the Region, with a copy to Terna. In Sicily, Terna manages over 4,500 km of high- and extra-high-voltage transmission lines and 81 substations, confirming its role in ensuring the security and development of the electricity system.

Disposal of electricity transmission activities in Peru

On **26 February 2026**, **Terna Plus S.r.l. and Rete S.r.l., companies belonging to the Terna Group, signed with ENGIE Transmisiòn Peru S.A.** (ENGIE Group company) a binding agreement for the disposal of 100% of the share capital of Terna Peru S.A.C. The company owns a 138 kV power line, approximately 132 km in length, connecting the Aguaytía and Pucallpa substations in the Ucayali region of Peru. The transaction value amounts to approximately $15 million. Completion is expected in the third quarter of 2026. This transaction forms part of Terna's strategic repositioning process, implemented through the enhancement of assets developed in South America, as confirmed in the 2024-2028 Industrial Plan Update.

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Acquisition of minority stake in Gyala S.r.l.

On **26 February 2026, the shareholders' meeting of Gyala S.r.l. approved a non-divisible paid capital increase for a total amount of €4,000,000**, including share premium, to be offered exclusively for subscription to Terna Forward S.r.l., CDP Venture Capital SGR S.p.A., Deep Ocean Capital SGR S.p.A. and Ventive S.r.l. Upon completion of the contributions by all investors, the transaction will be deemed completed and the subsidiary Terna Forward S.r.l. will acquire a minority interest equal to 4.17% of the share capital. Gyala S.r.l., operating in the cyber security sector, develops, produces and markets innovative, high value-added technological products, solutions and services.

Energy Bills Decree: temporary increase in the IRAP rate

At the beginning of **March 2026**, following the entry into force of the so-called **"Energy Bills Decree"** (Decree-Law No. 21 of 20 February 2026), a **temporary increase of two percentage points in the IRAP rate was introduced for the 2026 and 2027 tax periods**, applicable to entities operating in the electricity generation, transmission and distribution sectors.

Authorisation process launched for the electricity connection between Montecorvino and Benevento

On **3 March 2026**, following the initiation by the Ministry of the Environment and Energy Security of the authorisation process **for the new power line connecting the Montecorvino (Salerno), Avellino and Benevento substations**, Terna published a notice listing the cadastral plots affected by the project. With an **investment of approximately €340 million**, the infrastructure will extend over a route of approximately 90 km. The project will enable a significant reconfiguration of the local electricity network, including the construction of 70 km of underground cable power lines and the consequent removal of over 100 km of overhead lines and approximately 300 transmission towers, freeing nearly 290 hectares of land. In particular, 29 km of lines and 79 towers will be dismantled in the Province of Salerno, 47.5 km and 151 towers in the Province of Avellino, and 20.5 km and 68 towers in the Province of Benevento. The project will enable the full utilisation of the Tyrrhenian Link, supporting the integration of renewable energy sources and improving the security and efficiency of the electricity grid in Campania, also through the reduction of network congestion. Furthermore, it will strengthen energy exchange capacity in Southern Italy, contributing to national and European decarbonisation targets. The route was identified through a voluntary participatory process promoted by Terna between 2021 and 2022, involving municipalities, the Campania Region, associations and supervisory authorities, with the aim of identifying environmentally and landscape-sustainable solutions. In 2023, the public consultation required by applicable regulations was carried out, including information meetings and the collection of comments. The outcomes of this process were approved by the Ministry of the Environment and Energy Security, which subsequently initiated the authorisation process. The project documentation, including the cadastral plots affected, is available for consultation at the competent authorities and online. Any comments may be submitted within 30 days from the publication of the notice. In Campania, Terna employs approximately 430 people and operates around 4,000 km of high- and extra-high-voltage lines and 67 substations, confirming its strategic role in the development and security of the regional electricity system.

Authorisation process launched for a new underground cable connection in the city of Matera

On **4 March 2026**, following the start, by the Ministry of the Environment and Energy Security, of the authorisation process for the construction of a **new power line in the city of Matera**, Terna published the list of cadastral plots affected by the project. The project involves a total investment of approximately €19 million and consists of an underground cable connection of around 8 km between the Matera and Matera Nord substations. The infrastructure will enable the removal of approximately 6.5 km of overhead lines and the dismantling of 20 transmission towers, freeing over 5 hectares of land in the urban area, and will facilitate the integration of electricity infrastructure within densely populated urban environments. With more than 60 employees in the region, Terna operates approximately 2,500 km of high- and extra-high-voltage lines and 21 substations in Basilicata.

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TEHA-Terna study: transmission grid as a driver of energy security and competitiveness in Italy

On **6 March 2026**, Terna announced the results of the study "Energy security and independence: the transmission grid as a driver of Italy's competitiveness". The study, promoted by TEHA Group in collaboration with Terna, confirms the National Transmission Grid as a key element for the efficient integration of renewable energy sources and storage systems in the Italian electricity system. According to the study, **renewable energy sources accounted for approximately 50% of national electricity generation in 2025, establishing themselves as the main driver of the country's energy independence**. The study also highlights the significant macroeconomic impact of Terna's investments. In this context, the transmission grid plays a distinctive role by generating long-term value and territorial benefits: each euro invested in the transmission grid produces an impact of €2.98 in terms of production value and €1.31 in terms of GDP. Overall, the investments included in Terna's Industrial Plan are expected to generate €35 billion in production value and €16.2 billion in GDP. In recent years, the global energy landscape has undergone significant transformation. Between 2010 and 2024, the average cost of electricity generation from solar and wind decreased by approximately 90% and 70%, respectively. In 2025, in Europe, these two sources accounted for around 30% of electricity generation, surpassing fossil fuels for the first time. A similar trend is observed in Italy: over the past twenty years, the share of electricity generation from renewable sources has almost tripled, while thermoelectric generation has decreased by more than 40%. Gross efficient capacity in Italy reached 82 GW, representing an increase of 44.3% compared with 2020, and more than 22 GW of new renewable capacity has already been contracted and is expected to enter into operation in the coming years. The growth of renewable energy is contributing to strengthening the country's energy security, reducing Italy's energy dependence by approximately 9 percentage points between 2010 and 2024. However, the electricity system remains significantly exposed to gas price volatility, which in 2024 determined electricity prices for more than 60% of the hours. In this context, the grid operated by Terna stands out for its high levels of efficiency, service quality and security. With a transmission cost among the lowest in Europe: €11.2/MWh in 2024, compared with €12.1/MWh in France, €15/MWh in Spain and a European average of €16.5/MWh. Terna's Ten-Year Development Plan outlines investments of €23 billion by 2034, with the objective of increasing energy exchange capacity by approximately 15 GW and further strengthening cross-border interconnections. The unit cost per GW is also approximately half that observed in Germany, France and the United Kingdom. In the short to medium term, renewable energy sources therefore represent a key factor in enhancing the country's energy security and containing energy costs, supported by their full technological and commercial maturity. In the medium to long term (2040-2050), ensuring a balanced mix between solar and wind energy will become increasingly important, complemented by an estimated 10%-15% contribution from low-emission dispatchable technologies, in order to guarantee the economic sustainability, stability and security of the electricity system.

Terna and International Women's Day

On **7 March 2026**, in connection with International Women's Day on 8 March, Terna renewed its commitment to promoting female talent. In 2025, of more than 800 new hires made by the Group, approximately 36% (excluding operational roles) were women. **Currently, women represent around 26% of the workforce and hold 31% of managerial positions**, demonstrating the company's commitment to recognising and valuing talent based on skills and merit. Terna's **People Strategy**, a key pillar of the 2024-2028 Industrial Plan, places people at the centre and promotes a cultural transformation across all stages of the professional lifecycle, from recruitment to performance evaluation and leadership development. This approach has also been supported by the Group Academy, which over the past two years has delivered more than 30,000 hours of training on topics such as inclusive language and overcoming stereotypes, including the programme "Breaking stereotypes: putting respect into action", involving the entire workforce. Particular focus is placed on STEM disciplines, which are essential to supporting the energy and digital transition. In fact, of the more than 7,100 employees of the Group, approximately 2,300 hold degrees in STEM disciplines, with female representation steadily increasing among new hires. Terna has also developed and consolidated numerous external initiatives to promote women's participation in scientific fields. Key initiatives include the **Boost Program with Sistech**, which offers scholarships to refugee women; the **partnership with ELIS-Role Model**; the collaboration with **Valore D** and the **project "Girls@Polimi-Borse for future engineers**". Alongside development and training policies, Terna continues to strengthen initiatives supporting families and work-life balance. In this regard, the Group promotes flexible working models, an enhanced smart working agreement, parental support initiatives, widespread welfare measures and services dedicated to psychological, physical and organisational wellbeing, also extended to employees' families. The Group's Diversity & Inclusion policies

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also include certification and the Strategic Gender Equality Plan 2024-2026, based on inclusive recruitment and leadership, pay equity, training and awareness initiatives, with the aim of fostering an increasingly inclusive and respectful working environment. Among the most recent initiatives is the opening of the "Spazio Nuvola" at the Rome headquarters, a space designed to support mothers returning to work during the breastfeeding period and to promote a better balance between work and motherhood. Established initiatives supporting families also include the **"MiniWatt" corporate nursery** at the Group's headquarters, dedicated to employees' children. In addition, financial support of up to 60% of nursery fees is provided nationwide for employees with children aged 0 to 3.

Authorisation process launched for the upgrading of the "Misterbianco–Villa Bellini" underground power line in Catania

On **9 March 2026**, Terna announced the start of the authorisation process for **the modernisation of the underground connection between the Misterbianco substation and the Villa Bellini primary substation in the municipality of Catania**, and published the notice including the affected cadastral plots. Terna will invest a total of approximately €9 million, contributing to enhancing the reliability and efficiency of the electricity network in the Metropolitan Area of Catania. The new underground connection, approximately 1 km in length and located outside the urban centre, will use XLPE (cross-linked polyethylene) insulation and will adopt more modern and sustainable technology. The project also involves the decommissioning of approximately 700 metres of cable installed in 1977 and commissioned in 1987, based on an obsolete fluid-filled oil system. The upgrading of the power line forms part of a broader programme of interventions aimed at improving the stability and efficiency of the local network, ensuring a more reliable supply to the Acicastello and Catania Est substations.

Publication of the Board of Directors' and Board of Statutory Auditors' guidance

On **9 March 2026**, the document "Guidance of the Board of Directors of TERNA S.p.A. to shareholders on the size and composition of the new Board of Directors", approved on 26 February 2026, was filed at the Company's registered office. The document "Guidance of the Board of Statutory Auditors of TERNA S.p.A. on the composition and remuneration of the new Board of Statutory Auditors to be appointed by the General Meeting of shareholders", approved on 2 March 2026, was also filed.

Authorisation process launched for network works in the Province of Milan

On **10 March 2026**, following the start, by the Ministry of the Environment and Energy Security, of the authorisation process for the **implementation of two interventions on the National Transmission Grid in the province of Milan**, Terna published a notice listing the cadastral plots affected by the project. The project, for which Terna will invest approximately €80 million, is aimed at ensuring electricity supply to future data centres in the north-west area of Milan. In particular, **a new substation will be constructed in the municipality of Nerviano, partially using gas-insulated switchgear (GIS) compact technology with reduced land use**. This solution involves the use of prefabricated modular components assembled within a civil building, reducing the footprint of the substation by approximately 40% compared with traditional installations. The substation will be connected to the existing "Turbigo ST – Ospiate" line through two new overhead connections and will be integrated into the surrounding landscape through environmental mitigation measures, including the planting of a tree buffer zone along its perimeter.

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Dismantling of transmission pylons in the urban area of Trento

On **10 March 2026**, **Terna began the removal of electricity transmission towers crossing the urban area of Trento**. A total of 12 km of overhead lines dating back to the 1940s will be dismantled, freeing approximately 35 hectares of land. The works will be carried out in two phases: more than half of the planned pylons will be removed by April. The second phase, scheduled for the following year, will complete the dismantling and enable the recovery of significant quantities of materials to be reused through specialised operators. The intervention forms part of the reconfiguration of Terna's 132 kV network in the Trento area, for which the company has invested over €40 million. The new infrastructure will ensure greater reliability in supplying electricity demand in the city of Trento, minimising transmission losses and resulting in a reduction in CO_2 emissions. Terna's Development Plan involves investments of €1 billion in the Trentino-Alto Adige region over the next ten years.

Authorisation process launched for a new underground power line in the Province of Biella

On **11 March 2026**, following the start, by the Ministry of the Environment and Energy Security, of the authorisation process for the construction of an underground cable in the Biella area, Terna published a notice listing the cadastral plots potentially affected by the project. **The project, for which Terna will invest over €35 million, involves the construction of a power line between the "Biella Nord" and "Cerreto Castello" primary substations.** The new infrastructure will complement the existing overhead lines with an underground supply connection, which is less exposed to damage caused by extreme weather events. The 13 km connection will involve the municipalities of Biella, Quaregna Cerreto, Valdengo and Vigliano Biellese and will be implemented using XLPE (cross-linked polyethylene) insulated cables, a state-of-the-art technology ensuring high reliability, efficiency and sustainability.

Works continue on the connection between Lula and Galtellì in the Province of Nuoro

On 13 March 2026, Terna communicated the continuation of works for the construction of a new 19 km underground cable power line connecting the primary substations of Lula and Galtelli in the Province of Nuoro. The project, for which Terna has invested approximately €50 million, forms part of initiatives to strengthen the local electricity grid and will enhance its efficiency and reliability. Activities are progressing in line with the project schedule: an initial phase of works will be completed by June 2026, while final completion of the project is expected by the first half of 2027. In order to comply with safety standards, during the execution of the works a reduction in carriageway width with temporary alternating traffic flow will be implemented, supported by appropriate signage and traffic light systems. To ensure effective management of the works, Terna maintains ongoing coordination with local authorities. Upon completion of the works, the company will restore the road surface along the entire section of the carriageway affected by the intervention.

Terna: production of renewable sources up 27.8% in February. Electricity consumption is still growing

On **18 March 2026**, it was reported that **in February 2026 the electricity demand in Italy grew by 2.1% compared to the previous year, reaching 25.4 billion kWh**. In the first two months of the year, the overall increase was 3.1%. Growth was uniform across the country. Renewable sources are booming (up 27.8%) and cover 37.9% of electricity demand. Wind power was the leading source this month, overtaking solar and hydroelectric power, with a sharp increase largely due to favourable weather conditions. Domestic production covers 83.5% of demand, whilst the remainder is imported. Thermoelectric and geothermal production are down. During the Milan-Cortina 2026 Winter Olympics, there was a sharp rise in energy consumption in the areas involved (up 38%, with peaks of 50%), but the electricity system remained stable thanks to investments of over €300 million. Industrial consumption continues to rise (up 4.6%, sixth consecutive month), with positive results especially in the steel and ceramic sectors. Consumption in the services sector also increased in 2025 (up 2.9%).

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Authorisation process initiated for the “Maida–Rizziconi” power line in the Province of Vibo Valentia

On **19 March 2026**, Terna initiated the authorisation process and convened the inter-agency services conference for **the construction of a rerouting of the Maida–Rizziconi power line within the territory of the Municipality of Polia, in the Province of Vibo Valentia**. Following the extreme weather events that affected Calabria between 18 and 21 January 2026, which caused a landslide near one of the line supports, the company decided to modify the route of the power line in the Municipality of Polia in order to relocate it outside unstable areas and mitigate associated risks. The intervention provides for the construction of three new supports and the dismantling of three existing pylons, with no impact on the remainder of the line. Works are scheduled to take place between May and September 2026. The “Maida–Rizziconi” power line, a strategic infrastructure for the electricity system in Southern Italy and for the interconnection with Sicily, will therefore continue to ensure the security and continuity of service. In the meantime, Terna has implemented safety measures and continuous monitoring activities, operating in coordination with local and regional authorities.

Dobbiaco-Sesto” underground cable connection authorised in the province of Bolzano

On **24 March 2026**, the **Autonomous Province of Bolzano authorised the Terna project for the construction of the new underground connection “Dobbiaco-Sesto”** that will extend for about 10 km and will connect the Dobbianco Substation to the future Primary Substation of Sesto. The connection, which will be entirely underground, will minimise environmental impact and will be constructed using XLPE (extruded cross-linked polyethylene) insulated cables, a state-of-the-art technology that ensures reliability, efficiency and sustainability.

Green light to the burial of the “Pettino-Scoppito” line in the province of L’Aquila

On **25 March 2026**, the Ministry of the Environment and Energy Security approved **Terna’s project to bury a power line in the Municipality of L’Aquila and modernise the Pettino substation**. The infrastructure, worth over €15 million, will serve to meet the growing local energy demand, improving the efficiency and reliability of the service. It involves the construction of an underground connection of about 2 km to replace the existing “Pettino-Scoppito” overhead line. Once the cable power line has been completed, it will be possible to demolish the corresponding overhead section – approximately 3 km long – and remove 10 pylons, thereby freeing up around 2 hectares of land. The project also includes the upgrading of the Pettino substation through the renovation of an existing section, which will be housed within a new building, and the construction of a new section featuring compact switchgear modules that take up less space.

The conflict in the Middle East

Following the most recent developments in the international geopolitical environment, and in particular the sudden escalation of tensions associated with military operations directly involving Iran, the United States and Israel, events have occurred subsequent to the reporting date that are classified as non-adjusting events.
The Group, which operates primarily in Italy and does not have significant operational or financial exposure in the countries directly affected by the above-mentioned events, has not identified any direct impacts on its operations, business activities or cash flows.
However, potential indirect effects remain, primarily related to volatility in energy commodity prices, possible disruptions to supply chains and broader macroeconomic dynamics, such as inflation and the cost of capital, which continue to be closely monitored by management.
As at the date of preparation of these financial statements, also in light of the regulated nature of the activities performed, these factors do not indicate impacts that would compromise the going concern assumption or require adjustments to the carrying amounts recognised in the financial statements.

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Disclosure

pursuant to art. 149-*duodecies* of the CONSOB Issuers' Regulation

The following table, prepared pursuant to art. 149-*duodecies* of the CONSOB Issuers' Regulation, shows the fees paid for audit and other services provided to the Terna Group by the Parent Company's independent auditors and the network of the Parent Company's independent auditors in 2025.

(€)

	ENTITY PROVIDING SERVICE	FEES DUE FOR THE YEAR
Audit of the accounts and financial statements	Parent Company's auditor	621,534
Attestation and other services[36]	Parent Company's auditor	356,258
Audit of the accounts and financial statements	Network of the Parent Company's auditor	163,130
Total		**1,140,922**

[36] Assurance services and other engagements include services relating to the audit of regulatory accounts, the opinion on the distribution of interim dividends, the limited review of the Consolidated Sustainability Statement and the issuance of comfort letters in connection with bond issuances.

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Attestation

of the consolidated financial statements pursuant to art. 81-*ter* of CONSOB Regulation 11971 of 14 May 1999, as amended

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Attestation of the consolidated financial statements pursuant to 81-*ter* of CONSOB Regulation 11971 of 14 May 1999, as amended

"Terna Group"

1. The undersigned, Giuseppina Di Foggia, as Chief Executive Officer, and Francesco Beccali, as Manager responsible for Terna SpA's financial reporting, having also taken account of the provisions of art.154-*bis*, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998, attest to:

- the adequacy with regard to the nature of the Company, and
- the effective application of the administrative and accounting procedures adopted in preparation of the consolidated financial statements during the year ended 31 December 2025.

2. The administrative and accounting procedures adopted in preparation of the consolidated financial statements for the year ended 31 December 2025 were drawn up, and their adequacy assessed, on the basis of the regulations and methods adopted by Terna SpA in accordance with the Internal Control–Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission. This Commission has established a body of general principles providing a standard for internal control and risk management systems that is generally accepted at international level.

3. We also attest that:

3.1 the consolidated financial statements for the year ended 31 December 2025:

a. have been prepared in compliance with the International Financial Reporting Standards endorsed by the European Union through EC Regulation 1606/2002, issued by the European Parliament and by the Council on 19 July 2002 and the statutory requirements implementing the provisions of art. 9 of Legislative Decree 38/2005;

b. are consistent with the underlying accounting books and records;

c. provide a true and fair view of the financial position and results of operations of the issuer and the companies included in the scope of consolidation.

3.2 the Directors' report on operations includes a reliable analysis of the operating and financial performance and situation of the issuer and the companies included in the scope of consolidation, as well as a description of the main risks and uncertainties to which they are exposed.

Rome, 26 March 2026

Chief Executive Officer — *(original signed)*

Manager responsible for financial reporting — *(original signed)*

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Independent Auditor's Report

pursuant to articles 14 of Legislative Decree 39 of 27 January 2010 and article 10 of Regulation (EU) 537/2014 - Consolidated financial statements for the year ended 31 December 2025

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INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Terna S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Terna Group (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Terna S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Investments for the operation and development of the electricity transmission grid, relevant for the purposes of determining the transmission and dispatching activities charges

Description of the key audit matter

As of 31 December 2025, the Group accounts in "Property, plant, and equipment" for an amount equal to Euro 21,665 million and "Intangible assets" for an amount equal to and Euro 944 million, the investments made for operation and development of the Italian national transmission grid (NTG) for high and extra-high voltage power. Investments made in the financial year relating to these items totaled Euro 3,515 million.

The Group operates as a natural monopoly and within a market regulated by the Italian Regulatory Authority for Energy, Networks and Environment (Autorità di Regolazione per Energia Reti e Ambiente, "ARERA"), which defines, among the others, the rules for the remuneration of the transmission and dispatching services. In particular, the regulated revenues for these services are determined annually by ARERA providing a predefined return on the regulatory net invested capital recognized (RAB – Regulated Asset Base) and the recovery of the related of the relative depreciation and of some operating expenses. The RAB value is determined by ARERA mainly through the revalued historical cost method.

We believe that investments for the operation and development of the electricity transmission grid represent a key audit matter for the Group's consolidated financial statements as of 31 December 2025 due to: i) the relevance of the tangible and intangible assets related to operation and development of the electricity transmission grid compared to the Group's total assets, ii) the relevance of the investments made during the year, iii) the circumstance that such investments affect the determination of the fees for the transmission and dispatching services.

Notes "13. Property, plant, and equipment "and "15. Intangible assets" of the consolidated financial statements include the disclosure on the investments for the operation and development of the electricity transmission grid.

Audit procedures performed

With reference to investments for the operation and development of the electricity transmission grid, our audit procedures included, among the others, the following:

- understanding of the process and the relevant controls related to the recognition of such investments in the financial statements;
- critical analysis and in-depth insights of the composition of investments made during the year;

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- selection of a sample of investments made during the year and test of the compliance with the capitalization criteria provided by accounting standards;

- test the accurate start of depreciation when the asset is available for use for a sample of investments entered into depreciation during the year;

- test the correct application of the depreciation rates and recalculation of the amortization and depreciation for the year.

Finally, we assessed the adequacy of the disclosure provided in the notes to the consolidated financial statements and its compliance with the accounting standards.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

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Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Terna S.p.A. has appointed us on 8 May 2019 as auditors of the Company for the years from 31 December 2020 to 31 December 2028.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Terna S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements as at 31 December 2025, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at 31 December 2025 have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Opinions and statement pursuant to art. 14 paragraph 2, sub-paragraphs e), e-bis) and e-ter) of Legislative Decree 39/10 and pursuant to art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Terna S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Terna Group as at 31 December 2025, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the report on operations and of some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the consolidated financial statements;

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- express an opinion on compliance with the law of the report on operations, excluding the section related to the consolidated sustainability statement, and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98;

- make a statement about any material misstatement in the report on operations and in some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98.

In our opinion, the report on operations and the specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Terna Group as at 31 December 2025.

In addition, in our opinion, the report on operations, excluding the section related to the consolidated sustainability statement, and the specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Our opinion on the compliance with the law does not extend to the section related to the consolidated sustainability statement. The conclusions on the compliance of that section with the law governing criteria of preparation and with the disclosure requirements outlined in art. 8 of the EU Regulation 2020/852 are expressed by us in the assurance report pursuant to art. 14-bis of Legislative Decree 39/10.

DELOITTE & TOUCHE S.p.A.

Signed by
Maria Ginevra De Romanis
Partner

Rome, Italy
April 20, 2026

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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SEPARATE FINANCIAL STATEMENTS

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Financial statements

Income statement

(€)

	NOTES	2025	2024
A - REVENUE			
1 Revenue from sales and services	1	3,130,441,065	2,960,604,537
of which: related parties		*2,480,058,001*	*2,196,900,000*
2 Other revenue and income	2	70,283,435	62,533,978
of which: related parties		*34,491,190*	*33,826,500*
Total revenue		**3,200,724,500**	**3,023,138,515**
B - OPERATING COSTS			
1 Raw and consumable materials used	3	2,039,513	10,636,717
of which: related parties		*162,431*	*198,119*
2 Services	4	592,705,389	546,347,943
of which: related parties		*481,035,673*	*452,272,187*
3 Personnel expenses	5	128,767,540	125,070,105
- gross personnel expenses		*159,134,071*	*148,254,979*
- capitalised personnel expenses		*(30,366,531)*	*(23,184,874)*
of which: related parties		*1,930,450*	*1,739,882*
4 Amortisation, depreciation and impairment losses	6	858,281,648	794,951,108
5 Other operating costs	7	30,061,115	27,697,184
of which: related parties		*90,120*	*2,407,906*
Total operating costs		**1,611,855,205**	**1,504,703,057**
A-B OPERATING PROFIT/(LOSS)		**1,588,869,295**	**1,518,435,458**
C - FINANCIAL INCOME/(EXPENSES)			
1 Financial income	8	131,554,352	165,258,772
of which: related parties		*21,662,047*	*10,630,158*
2 Financial expenses	8	(290,180,308)	(296,446,241)
of which: related parties		*6,905,855*	*8,193,645*
D - PROFIT BEFORE TAX		**1,430,243,339**	**1,387,247,989**
E – INCOME TAXES FOR THE PERIOD	**9**	**441,167,352**	**416,891,150**
F - PROFIT FOR THE PERIOD		**989,075,987**	**970,356,839**
Earnings per share	**10**		
Basic earnings per share		0.469	0.478
Diluted earnings per share		0.469	0.478

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Statement of comprehensive income*

(€)

	NOTES	2025	2024
PROFIT FOR THE PERIOD		**989,075,987**	**970,356,839**
Other comprehensive income items to be reclassified subsequently to profit or loss			
- Cash flow hedge	20	6,737,866	(30,390,975)
- Financial assets at fair value through other comprehensive income	20	2,105,760	2,309,378
- Cost of hedges	20	(361,093)	91,927
Other comprehensive income items not to be reclassified to profit or loss			
- Actuarial gains/(losses) on provisions for employee benefits	20	276,871	169,733
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**997,835,391**	**942,536,902**

**Amounts are shown net of tax, where applicable*

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Statement of financial position

(€)

	NOTES	AL 31.12.2025	AL 31.12.2024
A – NON-CURRENT ASSETS			
1 Property, plant and equipment	11	19,586,634,380	17,275,611,907
of which: related parties		*269,417,352*	*177,238,638*
2 Goodwill	12	190,228,231	190,228,231
3 Intangible assets	13	912,916,775	692,471,050
4 Deferred tax assets		188,985,073	156,225,426
5 Non-current financial assets	15	1,985,216,321	1,534,323,658
6 Other non-current assets	16	7,854,183	7,751,230
of which: related parties		*2,775,432*	*2,647,428*
Total non-current assets		**22,871,834,963**	**19,856,611,502**
B – CURRENT ASSETS			
1 Trade receivables	17	2,906,689,489	2,936,121,097
of which: related parties		*501,952,264*	*273,457,205*
2 Current financial assets	15	753,492,841	447,019,478
of which: related parties		*12,034,287*	-
3 Cash and cash equivalents	18	1,995,060,547	2,415,330,402
of which: related parties		*418,557,048*	*259,993,378*
4 Income tax assets	19	3,257,130	3,257,130
5 Other current assets	16	157,953,272	60,428,521
of which: related parties		*141,030*	*350,000*
Total current assets		**5,816,453,279**	**5,862,156,628**
TOTAL ASSETS		**28,688,288,242**	**25,718,768,130**

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(€)

	NOTES	AL 31.12.2025	AL 31.12.2024
C - EQUITY			
1. Share capital		442,198,240	442,198,240
2. Other reserves		2,676,026,472	2,668,718,705
3. Retained earnings/(accumulated losses)		3,259,898,412	3,134,404,824
4. Interim dividend		(239,079,127)	(239,591,046)
5. Profit for the year		989,075,987	970,356,839
Total equity	**20**	**7,128,119,984**	**6,976,087,562**
D - NON-CURRENT LIABILITIES			
1. Long-term borrowings	21	13,852,485,884	11,378,181,589
of which: related parties		*90,475,942*	-
2. Employee benefits	22	11,134,586	11,179,059
3. Provisions for risks and charges	23	165,886,564	120,429,770
4. Non-current financial liabilities	21	52,245,288	58,844,889
5. Other non-current liabilities	24	575,440,884	453,632,258
of which: related parties		*21,816,395*	*22,622,976*
Total non-current liabilities		**14,657,193,206**	**12,022,267,565**
E - CURRENT LIABILITIES			
1. Short-term borrowings	21	704,009,894	1,631,202,990
2. Current portion of long-term borrowings	21	757,342,195	665,192,742
3. Trade payables	25	4,406,018,391	3,565,568,625
of which: related parties		*1,985,368,570*	*1,257,392,789*
4. Tax liabilities	25	28,808,307	90,474,159
of which: related parties		*(52,863,527)*	*(39,677,869)*
5. Current financial liabilities	21	141,211,913	110,174,155
6. Other current liabilities	25	865,584,352	657,800,332
of which: related parties		*46,101,454*	*48,896,830*
Total current liabilities		**6,902,975,052**	**6,720,413,003**
TOTAL LIABILITIES AND EQUITY		**28,688,288,242**	**25,718,768,130**

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Statement of changes in equity

31 December 2024 - 31 December 2025

Terna S.p.A. Share Capital and Reserves

(€/millions)

	SHARE CAPITAL	LEGAL RESERVE	SHARE PREMIUM RESERVE	CASH FLOW HEDGE RESERVE	RESERVE FOR TREASURY SHARES	RESERVE FOR EQUITY INSTRUMENTS - PERPETUAL HYBRID BONDS	OTHER RESERVES	RETAINED EARNINGS/ ACCUMULATED LOSSES	INTERIM DIVIDEND	PROFIT FOR THE YEAR	EQUITY
EQUITY AT 31 DECEMBER 2024	**442.2**	**88.4**	**20.0**	**14.3**	**(31.4)**	**1,835.6**	**741.8**	**3,134.4**	**(239.6)**	**970.4**	**6,976.1**
PROFIT FOR THE YEAR										**989.1**	**989.1**
OTHER COMPREHENSIVE INCOME:											
- Change in fair value of cash flow hedges				6.7							6.7
- Financial assets at fair value through other comprehensive income							2.1				2.1
- Cost of hedges				(0.4)							(0.4)
- Actuarial gains/(losses) on employee benefits							0.3				0.3
Total other comprehensive income	**-**	**-**	**-**	**6.3**	**-**	**-**	**2.4**	**-**	**-**	**-**	**8.7**
Comprehensive income	**-**	**-**	**-**	**6.3**	**-**	**-**	**2.4**	**-**	**-**	**989.1**	**997.8**
Transactions with shareholders:											
- Appropriation of profit for 2024											
- Retained earnings								*174.0*		*(174.0)*	-
- Dividends									*239.6*	*(796.4)*	*(556.8)*
- Interim dividend 2025									(239.1)		(239.1)
- Purchase of own shares					(2.9)						(2.9)
Total transactions with shareholders	**-**	**-**	**-**	**-**	**(2.9)**	**-**	**-**	**174.0**	**0.5**	**(970.4)**	**(798.8)**
Share option reserve							1.5				1.5
Equity instruments – Perpetual hybrid bonds								(64.1)			(64.1)
Coupons payable to holders of hybrid bonds								15.6			15.6
Total other changes	**-**	**-**	**-**	**-**	**-**	**-**	**1.5**	**(48.5)**	**-**	**-**	**(47.0)**
EQUITY AT 31 DECEMBER 2025	**442.2**	**88.4**	**20.0**	**20.6**	**(34.3)**	**1,835.6**	**745.7**	**3,259.9**	**(239.1)**	**989.1**	**7,128.1**

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31 December 2023 - 31 December 2024
Terna S.p.A. Share Capital and Reserves

(€/millions)

	SHARE CAPITAL	LEGAL RESERVE	SHARE PREMIUM RESERVE	CASH FLOW HEDGE RESERVE	RESERVE FOR TREASURY SHARES	RESERVE FOR EQUITY INSTRUMENTS - PERPETUAL HYBRID BONDS	OTHER RESERVES	RETAINED EARNINGS/ ACCUMULATED LOSSES	INTERIM DIVIDEND	PROFIT FOR THE YEAR	EQUITY
EQUITY AT 31 DECEMBER 2023	**442.2**	**88.4**	**20.0**	**44.6**	**(29.8)**	**989.0**	**739.0**	**2,973.1**	**(230.3)**	**834.8**	**5,871.0**
PROFIT FOR THE YEAR										**970.4**	**970.4**
OTHER COMPREHENSIVE INCOME:											
- Change in fair value of cash flow hedges				(30.4)							(30.4)
- Financial assets at fair value through other comprehensive income							2.3				2.3
- Cost of hedges				0.1							0.1
- Actuarial gains/(losses) on employee benefits							0.2				0.2
Total other comprehensive income	**-**	**-**	**-**	**(30.3)**	**-**	**-**	**2.5**	**-**	**-**	**-**	**(27.8)**
COMPREHENSIVE INCOME	**-**	**-**	**-**	**(30.3)**	**-**	**-**	**2.5**	**-**	**-**	**970.4**	**942.6**
Transactions with shareholders:											
- Appropriation of profit for 2023											
- Retained earnings								*152.2*		*(152.2)*	-
- Dividends									*230.3*	*(682.6)*	*(452.3)*
- Interim dividend 2024									(239.6)		(239.6)
- Purchase of own shares					(1.6)						(1.6)
Total transactions with shareholders	**-**	**-**	**-**	**-**	**(1.6)**	**-**	**-**	**152.2**	**(9.3)**	**(834.8)**	**(693.5)**
Share option reserve							0.3				0.3
Equity instruments – Perpetual hybrid bonds						842.1					842.1
Coupons payable to holders of hybrid bonds								(2.6)			(2.6)
Other changes						4.5		11.7			16.2
Total other changes	**-**	**-**	**-**	**-**	**-**	**846.60**	**0.3**	**9.1**	**-**	**-**	**856.0**
EQUITY AT 31 DECEMBER 2024	**442.2**	**88.4**	**20.0**	**14.3**	**(31.4)**	**1,835.6**	**741.8**	**3,134.4**	**(239.6)**	**970.4**	**6,976.1**

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Statement of cash flows

(€/millions)

	NOTES	2025	2024
PROFIT FOR THE PERIOD		**989.1**	**970.4**
ADJUSTED BY:			
Amortisation: depreciation and impairment losses / (reversals of impairment losses) on non-current property, plant and equipment and intangible assets*		850.6	787.0
Accruals to provisions (including provisions for employee benefits) and impairment losses		62.4	33.0
(Gains)/Losses on sale of property, plant and equipment		(10.3)	(11.3)
Financial (income)/expenses	8	158.0	131.1
Income taxes	9	441.2	416.8
Other non-cash movements	20	9.2	4.5
CASH FLOW FROM OPERATING ACTIVITIES BEFORE CHANGES IN NET WORKING CAPITAL		**2,500.2**	**2,331.5**
Increase/(decrease) in provisions (including provisions for employee benefits and taxation)		(17.2)	(21.4)
(Increase)/decrease in trade receivables and other current assets		(52.3)	(890.8)
Increase/(decrease) in trade payables and other current liabilities		948.3	835.7
(Increase)/decrease in other non-current assets		(234.0)	(31.4)
Increase/(decrease) in other non-current liabilities		113.4	(46.2)
Interest income and other financial income received		109.4	163.3
Dividends collected	8	15.5	2.2
Interest expense and other financial expenses paid		(328.1)	(360.1)
Income tax paid		(481.4)	(339.8)
CASH FLOW FROM OPERATING ACTIVITIES [A]		**2,573.8**	**1,643.0**
- of which: related parties		*324.2*	*331.3*
Investments in non-current tangible assets	11	(2,882.9)	(2,355.7)
Capital grants received		43.0	9.4
Investments in non-current intangible assets	13	(408.9)	(263.6)
Intercompany (additions)/sales of property, plant and equipment		1.0	(2.8)
(Increase)/decrease in investments		-	(4.0)
Movements in short- and medium/long-term financial investments		(301.8)	55.8
Consideration paid for new acquisitions		(227.2)	-
CASH FLOW FOR INVESTING ACTIVITIES [B]		**(3,776.8)**	**(2,560.9)**
- of which: related parties		*(92.2)*	*(31.5)*
Movement in the reserve for treasury shares	20	(9.0)	(8.0)
Movement in the reserve for equity instruments	20	-	842.1
Dividends paid		(794.6)	(690.9)
Movements in short- and medium/long-term financial liabilities (including short-term portion)**		1,586.4	1,733.7
CASH FLOW FROM/(FOR) FINANCING ACTIVITIES [C]		**782.8**	**1,876.9**
- of which: related parties		*90.5*	-
INCREASE/(DECREASE) IN CASH AND EQUIVALENTS [A+B+C]		**(420.2)**	**959.0**
Cash and cash equivalents at beginning of year		2,415.3	1,456.3
Cash and cash equivalents at end of year		1,995.1	2,415.3

* *After grants related to assets recognised in the income statement for the year.*
** *After derivatives and impact of fair value adjustments, including cash changes in right-of-use assets.*

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Notes

A. Material accounting standards and measurement criteria

Introduction

Terna S.p.A., which provides electricity transmission and dispatching services, is a joint-stock company and its registered office is at Viale Egidio Galbani 70, Rome, Italy.
The separate financial statements for the year ended 31 December 2025 are available upon request at the registered office of Terna S.p.A., Viale Egidio Galbani 70, Rome, or on the Company's website at www.terna.it.
In addition, the Board of Directors authorised the Chair and Chief Executive Officer to make any formal amendments to the Separate Financial Statements that may be necessary in the drafting of the final text to be submitted to the Annual General Meeting for approval, as well as additions and adjustments to the sections concerning significant events after the reporting date. In accordance with the requirements set out in Commission Delegated Regulation (EU) 2019/815, Terna has, since 31 December 2021, published its Annual Report in the European Single Electronic Format (ESEF), including the tagging of all figures in the consolidated financial statements and the basic issuer identification information using the iXBRL format and, from 31 December 2022, the block tagging of the entire consolidated notes.

Compliance with IFRS

The Company's separate financial statements have been prepared on a going concern basis in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), as endorsed by the European Commission (hereinafter "IFRS").
This document has also been prepared taking into account the provisions of Legislative Decree 38 of 28 February 2005, of the Italian Civil Code and CONSOB Resolutions no. 15519 ("Provisions governing financial statements in implementation of art. 9, paragraph 3 of Legislative Decree 38/2005") and no. 15520 ("Amendments and additions to the implementing rules for Legislative Decree 58/1998"), as well as CONSOB Communication DEM/6064293 ("Disclosure requirements for listed issuers and issuers of financial instruments that are widely held among the public pursuant to art. 116 of the Consolidated Law on Finance").

The separate financial statements have been prepared on a historical cost basis, with the exception of certain financial instruments, and on a going concern basis.

Basis of presentation

The separate financial statements comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.
In the statement of financial position, assets and liabilities are classified on a "current/non-current" basis, with separate reporting of assets and liabilities held for sale. Current assets, including cash and cash equivalents, are those expected

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to be realised, sold or consumed in the Company's normal operating cycle; current liabilities are those expected to be settled in the Company's normal operating cycle or within twelve months of the reporting date.
The income statement is classified on the basis of the nature of costs. The income statement is presented as two statements, the first of which (the income statement) presents revenue and expense items for the year; the second (the statement of comprehensive income) starts with the result for the year and then presents the revenue and expense items that are recognised in equity rather than profit or loss for the year.
The statement of cash flows has been prepared using the indirect method.

The separate financial statements are accompanied by the Report on Operations of Terna and the Group which, since the 2008 financial year, has been presented as a single document, in accordance with the option granted by Legislative Decree No. 32 of 2 February 2007, amending Article 40 (Report on Operations) of Legislative Decree No. 127 of 9 April 1991. From 2024, the Terna Group's Annual Report includes the Report on Operations which, in accordance with recent regulatory requirements on ESG disclosures, contains a specific section dedicated to the Consolidated Sustainability Statement, in addition to the Consolidated Financial Statements and the separate financial statements of the Parent Company.

The separate financial statements are presented in euros, whilst amounts in the statement of changes in equity, the statement of cash flows and these notes are presented in millions of euros to the first decimal place, unless otherwise stated.

The separate financial statements have been prepared on a historical cost basis, with the exception of certain items that, in accordance with IFRS, are recognised at fair value, as indicated in the measurement criteria for individual items.

Use of estimates

In application of IFRS, preparation of the statement of financial position and the income statement requires the Company to use estimates and assumptions that affect the carrying amounts of assets and liabilities and the related disclosures, in addition to contingent assets and liabilities at the reporting date. These estimates are based on the information available to management at the date of preparation of the financial statements.
Estimates are made on the basis of the information available to management at the date of preparation of the financial statements and are based on past experience and other factors considered reasonable under the circumstances. Such estimates and related assumptions are used to determine the carrying amount of assets and liabilities whose value is not readily determinable from other objective sources. Actual results may therefore differ from these estimates.
The estimates and underlying assumptions are reviewed periodically and the effects of any changes are recognised in the income statement for the year, if they relate solely to that period. In the case that the revision affects both current and future years, the change is recorded in the year in which the estimate is reviewed as well as in the relevant future years.
The assets and liabilities subject to estimates and key assumptions used by Terna in applying the IFRS endorsed by the European Commission, and that could have a significant impact on the consolidated financial statements, or that could give rise to risks that would entail significant adjustments to the carrying amounts of assets and liabilities in subsequent years, are summarised below.

The assessment of contextual and systemic factors is carried out on an integrated basis at Group level; accordingly, the following note presents, in a summarised and unified form, the considerations of the Terna Group in relation to the operating environment, characterised by the ongoing conflict in Ukraine, escalating tensions in the Middle East, increasing trade frictions, persistent volatility in energy and commodity prices, disruptions to supply chains and shifts in global trade dynamics.

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Revenue related to incentives

The recognition in the financial statements of output-based incentives requires management to make estimates and assumptions based on actual data, as well as on estimates of the amount and likelihood of future events. In the case of incentive mechanisms with a multi-year time horizon, Terna assesses the allocation of the incentive over the period, estimating the possibility of full or partial clawback of amounts accrued. The amount of incentives recognised as revenue during the year corresponds to the value that was considered highly probable and not subject to significant reduction at the time of validation by ARERA. For accounting recognition purposes, the Group also assesses, for each incentive mechanism, whether the existence of a right (or obligation) is subject to confirmation or verification by ARERA.
Where the mechanism includes a significant financing component, Terna determines a discount rate that reflects the credit risk associated with the asset, which, considering the operation of the mechanisms and the guarantees provided by the regulatory framework in favour of Terna, substantially corresponds to that of the electricity system.
Some incentive schemes may include penalties in the event of negative performance.

Impairment losses

Property, plant and equipment and intangible assets with finite useful lives are subject, at least annually, to an analysis aimed at identifying any indicators of impairment, in accordance with IAS 36. Where such indicators are identified, the recoverable amount of the assets concerned is estimated as the higher of fair value less costs of disposal and value in use. Assets are written down where their carrying amount exceeds the recoverable amount so determined.
The recoverable amount of goodwill is estimated at least annually using the same criteria described above. Value in use is determined as the present value of expected future cash flows, estimated on the basis of information available at the valuation date and assumptions regarding future variables, such as prices, costs, demand growth rates and production profiles, and discounted using a pre-tax rate reflecting current market assessments of the time value of money in relation to the investment period and the specific risks of the asset. If the intangible asset does not generate cash inflows that are largely independent, the asset's recoverable amount is calculated as part of the Cash Generating Unit ("CGU") to which it belongs.
An impairment loss is recognised in the income statement where the carrying amount of the asset, or of the net invested capital of the related cash-generating unit, exceeds its recoverable amount.
Impairment losses on CGUs are first taken as a reduction in the carrying amount of any allocated goodwill and then as a reduction in other assets allocated to the CGU on a pro rata basis. Except for goodwill, impairment losses may be reversed up to the recoverable amount or the original cost of the asset if there is an indication that the impairment loss no longer exists or when there is a change in the methods used to measure the recoverable amount.

Allowance for doubtful accounts

Trade receivables are initially measured at fair value, less any expected credit losses on amounts deemed uncollectible, which are provided for through specific allowance accounts. Credit losses are determined in application of IFRS 9 (a model based on expected credit losses). This requires Terna to assess expected credit losses, and the related changes, at each reporting date.
Specifically, Terna has applied the simplified approach permitted by IFRS 9 to trade receivables, in order to measure the allowance for doubtful accounts based on expected losses over the life of the receivable. Terna has thus determined the amount of expected credit losses using a provisioning matrix, based on information regarding historical credit losses for similar past due exposures, adjusted to take into account current conditions and forward-looking elements.

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Provisions for risks and charges

Provisions for risks and charges are allocated when a disbursement of cash, for an amount which can be reliably estimated, will be necessary to fulfil a legal or constructive obligation arising as a result of a past event. Where the financial component related to the passage of time is material, provisions are discounted using a rate that Terna considers appropriate. Such rate reflects current market assessments of the time value of money and the risks specific to the liability. Subsequent to initial recognition, the provision is updated to reflect the passage of time and any changes in estimates arising from revisions to expected amounts, timing and discount rates. Any increase in the provision attributable to the passage of time is recognised in the income statement under "Financial expenses".
The Company makes specific estimates for liabilities relating to legal and tax disputes, early retirement incentive schemes, urban and environmental redevelopment projects, as well as other miscellaneous expenses. The measurement of provisions for legal disputes is based on the probability of incurring an expense, including through the use of external legal advisors supporting the Group companies; the estimate of provisions to be set aside for urban and environmental restoration projects which are the "offsets" aimed at compensating for the environmental impact of the construction of new plant, is based on an analysis of the agreements entered into with the local authorities concerned and the progress of work on construction of the new infrastructure.

Employee benefits

Post-employment benefits are defined on the basis of plans, whether formalised or not, that are classified as either "defined benefit" plans or "defined contribution" plans depending on their nature.
The liability relating to benefits granted to employees and payable at or after termination of employment, relating to defined benefit plans or other long-term benefits, is recognised net of any plan assets. This liability is determined on the basis of actuarial assumptions, estimating the amount of future benefits accrued by employees at the reporting date, and is recognised on an accrual basis over the period of service required to earn the benefits.
Changes in the value of the net liabilities (revaluations) deriving from actuarial gains or losses, resulting from changes in the actuarial assumptions used or adjustments based on experience, are recognised in other comprehensive income in the year in which they occur. If a plan is modified, curtailed or extinguished, the related effects are recognised in profit or loss.
Net financial expenses include the component of the return on plan assets and the interest cost to be recognised in profit or loss and are measured by multiplying the liabilities, net of any plan assets, by the discount rate applied to the liabilities; net interest on defined benefit plans is recognised in "Financial income/(expenses)".
The actuarial valuations used to quantify employee benefits (of all plans except termination benefits or *TFR*) were based on "vested benefits", applying the projected unit credit method. These valuations are based on the following economic and demographic assumptions: the discount rate (used to determine the present value of the obligation, determined considering returns on high quality bonds in line with the duration of the group of workers measured), the inflation rate, the rate at which future salary levels are expected to rise, the rate of increase for average health reimbursements, rate of increase for electricity prices and demographic factors, such as mortality and invalidity, retirement, resignation, advances and household composition. The method of calculation used for TFR consists of discounting to present value, at the measurement date, each estimated payment due to every employee, projected through to the estimated period in which the *TFR* will be paid.
The obligation under defined contribution plans, limited to the payment of contributions to the state or to a legally separate entity (a fund), is measured on the basis of the contributions payable. The cost of such plans is recognised in profit or loss based on the contribution paid during the period.

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Geopolitical context

Terna continuously monitors developments in the international geopolitical environment, which is characterised by increasing fragmentation of the global order and the re-emergence of great power competition dynamics Tensions in areas of strategic importance for European energy balances, together with growing instability in the wider Mediterranean region, represent factors with potential impacts on security of supply, continuity of supply chains and the resilience of infrastructure. In line with this approach, ESMA, in its European Common Enforcement Priorities published on 14 October 2025, reiterated that issuers are required to consider geopolitical risks when preparing financial statements in accordance with IFRS, where such risks are material, regardless of whether they are explicitly addressed in a specific accounting standard.

The current geopolitical environment is marked by high levels of uncertainty which, although not having an immediate effect on the Company's operations, may influence its medium-term development prospects. Key factors include the strengthening of opposing geopolitical blocs, the increasing use of economic and technological leverage between countries, the tightening of sanctions regimes and the risk of disruptions to global trade flows, also linked to the introduction or tightening of protectionist measures such as tariffs or other trade restrictions, particularly with regard to critical materials and components for the industrial sector as a whole.

Against this backdrop, Terna continues to focus on capex delivery as planned. To date, we are not aware of any circumstances requiring an in-depth assessment to be conducted in order to establish the Company's ability to continue as a going concern.

The ability to meet the aforesaid principle rests on the fact that the most significant portion of Terna's revenue is related to the conduct of Regulated Activities in Italy, which involve remuneration of both operating costs and invested capital, based on a WACC reviewed by ARERA on a regular basis to reflect the Company's cost of capital. According to current legislation, operating costs reflected in the tariff and the RAB must also be indexed so that any inflationary trends may be captured.

The analysis performed on the effects of the geopolitical environment, including the assessment of potential impacts arising from ongoing conflicts and emerging areas of instability, did not identify any triggering events requiring impairment testing of Terna's property, plant and equipment or intangible assets with finite useful lives.

Furthermore, it should be noted that the changed geopolitical environment has not resulted in an increase in credit risk nor had any impact on the measurement of expected credit losses. Terna's trade receivables fall within the hold to collect business model, primarily fall due within 12 months and do not include a significant financial component. They also relate to customers (holders of withdrawal or feed-in dispatching contracts and distributors) who are considered solvent by the market and have a high credit standing.

As described in more detail in the section, "Credit risk", management of this risk is also driven by the provisions of ARERA Resolution no. 111/06, which introduced instruments designed to limit the risks related to the insolvency of dispatching customers, both on a preventive basis and in the event of an actual insolvency. The analysis also revealed no need for changes in the business model used.

Potential increases in the cost of materials or services arising from geopolitical tensions or disruptions in international supply chains do not represent a significant risk for the Company, as statutory price adjustment mechanisms are fully recognised within the Regulatory Asset Base (RAB) for the calculation of investment returns.

Climate change

The growing focus on the evolution of climate change and its related impacts has led to an increasing need for transparent disclosures within the Report on Operations and the notes to the financial statements. Although no international accounting standard specifically prescribes how climate-related impacts should be considered in the preparation of financial statements, the IASB has issued certain materials to support IFRS adopters in meeting the information needs of stakeholders.

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Terna has shared its considerations regarding actions aimed at climate change adaptation and mitigation in the section dedicated to Climate Change within the Consolidated Sustainability Statement included in the Terna's 2025 Annual Report. In this context, as a TSO operating in transmission and dispatching services, Terna is clearly a key player in supporting the energy system in achieving ambitious CO_2 emission reduction targets. In particular, in addition to emissions related to the management of SF_6 gas and electricity consumption, the most significant component of Terna's Scope 1 and Scope 2 emissions relates to grid losses, which give rise to an indirect impact associated with the need to generate additional energy to offset them. Although a TSO's Scope 1 and Scope 2 emissions are relatively limited, they are significant in terms of potential system-wide reductions enabled by the integration of renewable energy sources and the development of electrification processes.

Terna has chosen to report its considerations on climate change in a single note. Below is an overview of Management's considerations on aspects deemed material.

IAS 1 – Presentation of Financial Statements

Where uncertainty factors are identified, IAS 1 requires entities to analyse their potential impacts on the entity's ability to continue as a going concern. With reference to the assumptions and estimates adopted for the preparation of the interim report, entities are also expected to disclose any forward-looking assumptions that could result in a significant risk of material adjustment within the next financial year.
Consistent with the guidance provided by ESMA, which, as noted above, emphasises the need to incorporate climate risks when preparing financial statements, relevant information is provided. Although not mandatory under IFRS standards, this information is crucial for a comprehensive interpretation of the financial statements.
Over the short term, Management did not identify any specific effects of climate-related risks to be considered when applying the accounting standards.
With reference to the medium/long term, the Company's Management identified potential risks primarily related to its role as Transmission System Operator (TSO). These risks arise from the adaptation of the electricity grid through actions aimed at increasing its resilience and facilitating the adaptation to the new profile and mix of energy sources fed into the grid. However, as outlined in the following sections, the actions planned to mitigate these risks do not require further evaluation in the context of the application of the accounting standards adopted in the preparation of this document.
It should also be emphasised that the assessment and, in particular, the quantification of climate risks generally involves reliance on assumptions regarding highly uncertain future developments, such as technological advances, policy developments and governmental interventions.

IAS 16 – Property, Plant and Equipment

With specific reference to the grid and the related transmission service, the actions defined require an articulated process of planning, authorisation and implementation of investments, aimed at carrying out works to meet the current and future needs of integrating renewable sources, while guaranteeing the reliability, security, adequacy and efficiency of the electricity system. This includes, for example, interconnections with foreign countries and the development of the necessary infrastructure to facilitate the increasing integration of renewable energy sources.

Furthermore, as defined in the Group's Risk Framework, Terna is exposed to the risk of increased severity of atmospheric events (such as tornadoes, heavy snowfall, ice formation, floods and fires) that may impact the continuity and quality of the service delivered and/or cause damage to equipment, machinery and network capabilities. In response to these events, Terna continues to make new investments with a view to increasing the grid resilience and identifying the most effective tools to mitigate these risks.

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In line with its pivotal role in the national energy transition, Terna has included a number of actions in its strategic plans in order to respond to the challenges posed by climate change. These plans are detailed in "The value creation strategy" section of the 2025 Annual Report, and the following actions were identified:

- Ten-year Development Plan: actions needed to develop and strengthen the electricity grid, including overseas interconnections, to ensure the integration of renewable sources;
- Security Plan: the tools needed to guarantee the security and reliability of the electricity system, in a context of increasing reliance on renewable sources and decommissioning of thermoelectric plants, resulting in critical issues relating to system inertia and voltage regulation;
- Maintenance and Renewal Plan for electricity assets: actions aimed at improving the reliability of electricity assets by pre-emptively identifying and addressing initial signs of an issue that could lead to malfunction.

The Resilience Plan, attached to the Security Plan, is also linked to these plans. It includes all initiatives aimed at increasing the grid resilience with respect to severe weather events, which occur with increasing intensity and frequency, causing damage to infrastructure and interruptions in the supply of power to plants connected to the NTG. The Resilience Plan includes, in particular, preventive actions of an infrastructural nature, as well as capital-light technological solutions for the mitigation of risks on the grid, together with measures for the restoration and monitoring of the electricity system.
This also involves the development of innovative technologies through structured collaborations with start-ups ("Open Innovation"), designed to monitor weather events and increase NTG resilience.
Mitigating climate-related risk also involves the need to plan maintenance of NTG infrastructure to ensure quality of service, the security of the assets operated (power lines and substations) and their ability to remain fully operational. In this regard, alongside the activities planned within Terna's routine maintenance programme, Terna is also required to implement specific network interventions designed to mitigate risks associated with the growing intensity and frequency of extreme climatic events. Management considers that this investment does not reduce or modify the expected economic benefits deriving from use of the existing grid accounted for in property, plant and equipment. In the light of the above, it has not been necessary to conduct a critical review of the useful lives of the fixed assets recognised in the financial statements.
Terna also considers that there may be a risk associated with the supply chain, arising from potential significant changes in the strategies of key suppliers. This risk is exacerbated by the global supply chain crisis, driven by international conflicts, the imposition of tariffs, supply constraints, the ongoing energy transition in many countries and the adaptation of technical specifications to new regulations. Such risk could have potentially material effects on construction and maintenance activities, impacting service continuity and quality, as well as project completion timelines. Terna continuously monitors developments in the supply chain in order to promptly identify any critical issues and implement the necessary corrective measures.

IAS 38 – Intangible Assets

With regard to non-regulated activities, Terna is committed to developing innovative, digital technological solutions to support the ecological transition. In line with its innovation and digitalisation strategies, the Company has continued its investments aimed at enhancing remote control systems for substations and key network infrastructure, through the installation of advanced sensing, monitoring and predictive diagnostics systems, with the objective of ensuring high standards of network and territorial safety and reliability. The Group has also developed tools dedicated to the analysis and identification of new interventions aimed at mitigating risks associated with climate change.
In particular, Terna has adopted the Resilience Methodology – Annex A76 of the Grid Code – an innovative probabilistic tool that positions Terna among the key players in climate change assessment at both national and European level. This methodology supports the planning of interventions aimed at increasing the resilience of the

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National Transmission Grid (NTG), quantifying expected benefits in terms of reductions in energy not supplied, particularly in relation to severe weather events such as heavy snowfall and high-intensity winds. In addition to ongoing refinements aimed at incorporating both climate trends and advancements in scientific modelling, the methodology has also been extended to model meteorological phenomena linked to hydrogeological instability, with a first pilot application to assess flood risk in part of the Po River Basin in Emilia-Romagna, a region historically exposed to flooding events.

Since 2021, the Company has developed a new app dedicated to the Development Plan and the Terna4Green digital platform. The app is intended to promote an energy-conscious culture and spread greater awareness of issues in the electricity sector. It also allows progress in the national decarbonisation process to be monitored. These initiatives are additional tools through which Terna reinforces its commitment to increasing transparency and disclosure of information, expertise and in-depth knowledge about the national electricity system.
In response to the risk associated with the increasing intensity and frequency of extreme weather events (such as tornadoes, heavy snowfall, ice formation, flooding and wildfires) described above, Terna may benefit from the patentability of the innovative solutions outlined, thereby generating potential opportunities for growth in the non-regulated business.
Investments in research endeavours are reflected in the income statement, while development costs that meet specific requirements may be capitalised as intangible assets. For further details on the recognition criteria for intangible assets arising from development activities, reference should be made to the section “Intangible assets” within “Significant accounting policies and measurement criteria” in the 2025 Annual Report, while additional information on the potential impacts of the initiatives undertaken is provided in the section “Climate change” within “Environmental information” in the Report on Operations.

IAS 36 – Impairment of Assets

As noted in the previous section on property, plant and equipment, Management did not identify any factors that would warrant a critical review of the service life of these assets. In addition, with regard to the potential for impairment risks on property, plant and equipment, Management determined that while climate risk mitigation actions require maintenance to be scheduled on the NTG in order to ensure service quality, the security of assets under management and the maintenance of performance level, they do not have a negative impact in terms of establishing the fair value net of disposal costs.
Indeed, a market participant would consider such investment as part of the fair value measurement process.

IFRS 9 – Financial Instruments

With regard to borrowings and bond issues, Terna has entered into a number of bank loans incorporating “ESG-linked” features, as well as a commercial paper programme (short-term notes aimed at qualified investors), which enables the issuance of “ESG Notes”; in addition, the Group has carried out issuances of “Green Bonds” and “European Green Bonds”, as described in the section “Sustainable finance” of the Report on Operations. The ESG-linked bank borrowings (different from the Green Bond issues) include a step-up / step-down mechanism, applicable to the payment of interest accruing as of a certain date under contract provisions, such payment being linked to the achievement of specific environmental, social and governance (ESG) objectives. As a result of the above, Terna believes that there may be a risk, albeit not significant, connected with the achievement of such objectives. Failure to meet these objectives within the agreed date would result in a slight increase in the cost of debt. Nevertheless, the impact of this risk on financial expenses is entirely negligible. Terna constantly monitors activities relating to climate change and, at the time of writing this report, no critical issues were identified.

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IAS 37 - Provisions, Contingent Liabilities and Contingent Assets

Recent legislation adopted in response to the challenges posed by climate change has introduced new legal obligations. In this context, Terna has formally adopted an environmental policy that demonstrates a voluntary and proactive commitment to limiting and mitigating the environmental impact of its activities, exceeding legal requirements without, however, harming other general interests set out in the licence agreement. This policy is implemented through initiatives designed to reduce CO2 emissions, contain SF6 gas leaks, improve energy efficiency and protect biodiversity. We are committed to environmental protection at every stage of the supply chain and in relation to local communities involved in the development of the national transmission grid. To this end, we adopt compensatory measures that are increasingly geared towards eco-sustainability principles.

Terna has also defined a Circular Economy Strategy, which has led to the development of a Roadmap of actions up to 2030, with a view to an effective implementation of a circular economy model.
In the light of the current regulatory framework, Management has concluded that the adoption of these policies does not require new liabilities to be booked. A similar consideration applies to the risk arising from potential changes in supply chain strategies. Therefore, no critical review of the provisions already allocated was necessary.

IFRS 15 – Revenue from Contracts with Customers

As part of Regulated Activities, a portion of the remuneration deriving from transmission and dispatching services is subject to regulatory incentive mechanisms based on specific objectives. The achievement of these objectives may be affected by risks related to climate change, such as an increase in extreme weather events, with potential repercussions on the continuity and quality of the service provided by Terna. The Company constantly monitors these risks and, to date, has not deemed it necessary to revise the estimates related to these incentives.
With regard to Non-Regulated Activities, particularly in the Energy Services sector, in the light of the portfolio of products and services aimed at promoting the development of renewable energy in Italy, including the construction and management of photovoltaic plants, grid connection capabilities and services for industrial customers - as well as in the area of cable and transformer production - Terna has not identified any new uncertainties that could affect the current revenue recognition model, nor any need to have existing contracts undergo a critical review.
Finally, it should be noted that climate change, together with the adoption of policies aimed at reducing CO_2 emissions and the achievement of Net Zero Emissions targets by most industrial customers, could represent a growth opportunity for the company business.

IFRS 2 – Share-based Payments

The long-term incentive plans currently adopted (aka Performance Share Plans) are linked to ESG indicators, the percentage weight of which has progressively increased over time.
The 2022-2026 plan, which was finalised in the first half of 2025, includes among its indicators, with a weight of 25%, the inclusion of a selected basket of ESG indices representing Terna's ability to ensure an all-round sustainability performance. These indices include the Dow Jones Sustainability Index World, the Stoxx ESG Leaders and the MIB 40 ESG; inclusion is subject to ratings by three different rating agencies, namely S&P Global, Sustainalytics and Moody's ESG. A significant part of these assessments is dedicated to the issue of climate change, with the aim of maintaining annual inclusion and for the duration of the Performance Share Plan within the aforementioned ESG indices. Terna's performance and positioning on aspects such as climate strategy, climate risk assessment and management, greenhouse gas emission reduction targets and public reporting of related metrics are key factors in this regard.
The 2023-2027 Performance Share Plan is linked to ESG indicators with an overall weight of 30%, of which 15% refers to the KPI linked to inclusion in the ESG basket described above, while the remaining 15% is intended to reward the maximisation of production from non-programmable renewable sources by favouring integration into the National Electricity System, thereby minimising Overgeneration. The underlying goal is therefore to ensure the efficient integration of non-programmable renewable sources into the energy mix fed into the grid.

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The 2024-2028 Performance Share Plan remains consistent with the previous plan, with the Overgeneration indicator maintaining a weighting of 30%. Indeed, given the expected growth of renewable generation capacity in the coming years, without adequate mitigation actions in place, the reduction of production from Non-Programmable Renewable Sources ("Overgeneration") could increase significantly in the coming years.
This would partially frustrate the expected benefits of the energy transition.
The 2025-2029 Performance Share Plan, which was approved by the Shareholders' Meeting on 21 May 2025 through a specific Information Document, confirms the presence of the Overgeneration indicator with a weight of 30% and introduces a new ESG KPI called "Connections", with a weight of 10%. The latter measures Terna's efficiency in meeting average connection times, bringing the overall weight of ESG indicators to 40%. The objective of the "Connections" KPI is to facilitate the entry into operation of new generation capacity from renewable sources, which is crucial for supporting the energy transition, optimising connection times.

Investments in subsidiaries and associates

Investments in subsidiaries are investments where Terna has the power to directly or indirectly govern the financial and operating policies of the investee so as to obtain benefits from its activities. Associates are investees over which Terna exercises significant influence. In assessing whether or not Terna has control or significant influence, being the ability to participate in the determination of these companies' financial and operating policies, without having control or joint control, potential voting rights that are exercisable or convertible are also taken into account. Investments in subsidiaries and associates are recognised at cost, written down in the event of an impairment loss. If the circumstances that gave rise to the impairment cease to exist, the value of the investments is restored to the extent of the impairment loss recognised and the reversal is recognised in the income statement. In the event that the loss attributable to the Company exceeds the carrying amount of the equity interest, and the Company is required to meet the legal or constructive obligations of the investee or, in any case, to cover its losses, any excess is recognised in a specific provision.

Joint arrangements

Investments in joint arrangements, in which the Group exercises joint control with other entities, are recognised initially at cost and subsequently measured using the equity method. The Company recognises its share of the assets and liabilities attributable to joint arrangements in accordance with IFRS 11. In assessing the existence of joint control, it is ascertained whether the parties are bound by a contractual agreement and whether this agreement attributes to the parties the joint control of the agreement itself. Joint control exists when an entity has control over an arrangement on a contractual basis, and only when decisions relating to the relevant activities require the unanimous consent of all parties that jointly control the arrangement.

Translation of foreign currency items

In accordance with IAS 21, in the Terna's financial statements, transactions in currencies other than the functional currency are recognised using the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in a currency other than the functional currency are subsequently translated at the exchange rate prevailing at the reporting date; any resulting exchange differences are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currency and measured at historical cost are translated using the exchange rate at the date of initial recognition of the transaction. Non-monetary assets and liabilities denominated in foreign currency and measured at fair value are translated using the exchange rate at the date on which that value is determined.

Property, plant and equipment

Pursuant to IAS 16, property, plant and equipment are initially measured at cost, including all directly attributable costs required to bring the asset to the location and condition necessary for its intended use. Where legal or constructive obligations arise, the cost includes the present value of estimated dismantling, removal and site restoration costs.

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The corresponding liability is recognised in provisions for risks and charges. Penalties from suppliers relating to the acquisition or construction of an asset are accounted for as a direct reduction of the asset's cost. This treatment does not apply where the penalty represents reimbursement, namely where the reimbursed costs are clearly identifiable and incurred due to delays suffered by the purchaser, the compensation is enforceable regardless of delivery and the contract explicitly provides for damages to compensate for loss of earnings arising from delays.
Financial expenses directly attributable to the acquisition, construction or production of a qualifying asset, in accordance with IAS 23, are capitalised as part of the cost of that asset. Costs incurred subsequent to acquisition are recognised as an increase in the carrying amount of the related asset where it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other costs are expensed as incurred.
Each element of an item of property, plant and equipment of material value, with respect to the total value of the item to which it belongs, is recognised and depreciated separately.
Property, plant and equipment is shown net of accumulated depreciation and any impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful economic life of the asset, which is reviewed annually, with any changes accounted for prospectively. Depreciation of an asset begins when the asset becomes available for use.
Where liabilities exist in respect of tangible assets, a specific provision is recognised with a corresponding entry to the related asset; the expense is recognised in the income statement through the depreciation of the property, plant and equipment to which it relates.
Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Any resulting gain or loss is recognised in the income statement and is determined as the difference between the net proceeds from disposal and the net carrying amount of the asset.

The main rates of depreciation, calculated on the basis of the useful lives of the relevant assets, are as follows:

RATES OF DEPRECIATION	
Buildings - Civil and industrial buildings	2.50%
Plant and equipment - Transmission lines	2.22%
Plant and equipment - Transformer substations:	
- Electrical machinery	2.38%
- Electrical devices and equipment	3.13%
- Automation and control systems	6.70%
Plant and equipment - Central systems for remote management and control:	
- Devices, electrical equipment and ancillary plant	5.00%
- Computers	10.00%

Land, regardless of whether it is free of constructions or related to civil and industrial buildings, is not depreciated, since it has an indefinite useful life.

Right-of-use assets relating to lease agreements for the use of property, plant and equipment are also included, in accordance with IFRS 16, issued in January 2016 and applicable from 1 January 2019, which supersedes IAS 17 and its related interpretations and defines the criteria for the recognition, measurement, presentation and disclosure of leases. IFRS 16 removes the distinction between operating and finance leases for accounting purposes. The standard introduces the concept of control within the lease definition; specifically, a contract is, or contains, a lease if it grants the entity the right to control the use of an identified asset for a specified period in exchange for consideration.
In applying the standard, the lessee recognises: (i) in its statement of financial position an asset representing the right of use and a liability representing the obligation to make lease payments, for all leases with a term exceeding twelve months and whose value is not considered immaterial (the Company applies the practical expedient provided by the standard, recognising payments relating to leases that do not fall within these categories as operating costs in the income statement); (ii) in the income statement, depreciation of the recognised asset and, separately, interest on the recognised liability.
In determining the lease term, Terna considers the non-cancellable period of the lease and the additional periods resulting from any options to extend the lease, or from the decision not to exercise the option to terminate the lease early (where there is reasonable certainty that such options will be exercised).

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The lease liability is initially recognised at the present value of the remaining lease payments at the commencement date: (i) fixed payments; (ii) variable lease payments that depend on an index or a rate; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and finally (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The present value of the payments is determined using a discount rate equal to the Group's incremental borrowing rate, bearing in mind the frequency and duration of the payments provided for in the lease contract.
Following initial recognition, the lease liability is accounted for at amortised cost and remeasured, with a matching change in the value of the related right-of-use asset, when there is a change in future lease payments as a result of: (i) a renegotiation of the contract; (ii) changes in the index or rate; or (iii) changes in the assessment of whether or not the options contained in the contract will be exercised (e.g., the purchase of the leased asset, extension or termination of the lease). The right-of-use asset is initially recognised at cost, measured as the sun of the following components: (i) the amount of the initial measurement of the lease liability; (ii) any initial direct costs incurred by the lessee; (iii) any lease payments made at or before the commencement date, less any lease incentives received; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located (or restoring the underlying asset to the condition required by the terms and conditions of the lease). Following initial recognition, the right-of-use asset is adjusted to take into account (i) any accumulated depreciation, (ii) any accumulated impairment losses, and (iii) the effects of any remeasurement of the lease liability.

Terna's property, plant and equipment also includes the assets relating the private interconnectors pursuant to Law 99/2009. The legislation assigns Terna responsibility for building and operating the infrastructure on behalf of selected parties willing to finance specific interconnections in return for the benefits for them deriving from receipt of an exemption from third-party access to the transmission capacity that the related infrastructure makes available. The law also establishes that, at the end of the exemption period, generally ten years from the date of entry into service, Terna will assume ownership of the interconnections in return for payment of a fee to be set by the regulator. The existence of a binding commitment to purchase the asset means that the property, plant and equipment relating to the interconnectors are recognised as Group property. The fee agreed with the selected parties for construction and operation of the interconnector is thus accounted for as revenue for the Group's effort in arranging the transaction and for granting the right to use the asset during the exemption period.

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Intangible assets

Intangible assets, which all have finite useful lives, are recognised at cost, and shown net of accumulated amortisation and any impairment losses. Amortisation begins when the asset becomes available for use and is calculated on a straight-line basis over the estimated useful life of the related asset, which is reviewed annually. Any revisions to estimated figures are applied on a prospective basis.
Intangible assets essentially consist of the concession to exclusively provide electricity transmission and dispatching services, granted to the Parent Company Terna S.p.A., on 1 November 2005, with the acquisition of the TSO business unit. As established in the Decree issued by the Ministry of Productive Activities on 20 April 2005, this concession has a 25-year term, renewable for another 25 years, from the date of effective transfer of the activities, functions, assets and legal arrangements of the concession from GSE (formerly GRTN) to Terna S.p.A.. This intangible asset was initially recognised at cost, which reflected fair value.
Other intangible assets essentially refer to software developments and upgrades.
Development costs are capitalised by Terna only if they can be reliably estimated and there is the technical possibility and intention to complete the intangible asset so that it will be available for use, and the asset can be used and it is possible to demonstrate that it will generate probable future economic benefits.
Financial expenses directly attributable to the acquisition, design or production of a non-current asset which justifies capitalisation pursuant to IAS 23 are capitalised to the asset as part of its cost.
All other development costs and research expenses are recognised in the income statement when incurred. These intangible assets are amortised over their estimated residual useful life, which is normally three years, given their rapid obsolescence.

Infrastructure rights

Infrastructure includes the property, plant and equipment and intangible assets employed in dispatching activities in Italy and in the operations in Peru. These activities are carried out under concession arrangements, which fall within the scope of application of IFRIC 12, since the services provided are regulated and control exists over the residual interest. More specifically, infrastructure rights have been recognised as an intangible assets, as valued on the basis of the Intangible Asset model, given the return generated by dispatching activities thanks to the charges paid by users. These assets have a useful life of three years.
The revenue and costs relating to investment in dispatching activities are recognised with reference to the contracts concerned on a stage-of-completion basis; revenue recognised during the construction phase is limited to the amount of the internal and external construction costs incurred, considering that the fair value of the construction services is equivalent to the construction cost paid to third-party contractors plus the internal cost of the technical personnel employed on such construction activities. The assets continue to be amortised and depreciated in accordance with the initial schedule.
By contrast, dispatching revenue continues to be recognised in accordance with IFRS 15 and financial expenses continue to be capitalised pursuant to IAS 23.
IFRIC 12, instead, is not applicable to the part of the Parent Company's concession arrangement relating to transmission activities, since neither the concession nor the related legislation envisages that ownership of the NTG is to be restored to the public grantor, even for a consideration.

Goodwill

Goodwill, deriving from the acquisition of subsidiaries, is allocated to each of the cash generating units (CGU) identified, corresponding with Terna S.p.A.'s regulated activities. Goodwill is not amortised after initial recognition but is adjusted to reflect impairment losses, measured as described above. Goodwill relating to investments in associates and joint arrangements is included in the carrying amount of those companies. Where negative goodwill arises, it is recognised in the income statement at the time of acquisition.

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Financial instruments

Financial assets

The new standard, IFRS 9 – Financial Instruments, effective from 1 January 2018, is divided into the following phases: classification and measurement, derecognition, impairment and hedge accounting.
In order to classify and measure financial instruments, Terna recognises financial assets at fair value inclusive of transaction costs.
Financial assets represented by debt instruments and falling within the scope of application of the standard, may be measured at amortised cost, at fair value through other comprehensive income or at fair value through the income statement of comprehensive income, depending on the business model adopted to manage the financial assets and the characteristics of the contractual cash flows.
In accordance with the provisions of IFRS 9, Terna correctly classifies these assets based on the results of co-called SSPI ("solely payments of principal and interest") tests. Under this test, assets may be recognised at amortised cost or fair value through other comprehensive income if they generate cash flows that are solely payments of principal and interest on the principal amount outstanding. This measurement is applied at the level of each individual instrument.

In particular, Terna measures financial assets as follows:

- at amortised cost, if the financial asset is held with the aim of collecting the contractual cash flows that meet the SPPI test, as the cash flows represent solely payments of principal and interest;
- at fair value through other comprehensive income ("FVOCI"), if the financial asset is held within a business model whose objective is achieved by collecting the contractual cash flows and by selling the financial asset, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Changes in fair value after initial recognition are recognised in other comprehensive income and recycled through profit or loss on derecognition. The government securities held by the Parent Company are included in this category;
- at fair value through profit or loss ("FVTPL"), of the asset is not held in one of the above business models. This category primarily includes derivative financial instruments held for trading and debt instruments with contractual cash flows that are not solely payments of capital and interest.

Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest method. Receivables with due dates that reflect normal commercial terms are not discounted.
In accordance with the provisions of IFRS 9, Terna's trade receivables fall within the hold to collect business model, as these assets are held with the objective of collecting the cash flows primarily by collecting the contractual cash flows, the receivables primarily fall due within 12 months and do not include a significant financial component, and the Company does not intend to sell such receivables.
Trade receivables are recognised net of any losses recognised in a specific allowance for doubtful accounts (identified on the basis described in the paragraph, "Allowance for doubtful accounts").The new standard, IFRS 9, has introduced application of a model based on expected credit losses. This requires the Company to assess expected credit losses, and the related changes, at each reporting date. Specifically, Terna has applied the simplified approach permitted by IFRS 9 to trade receivables, finance lease receivables and assets deriving from contracts with customers, in order to measure the allowance for doubtful accounts based on expected losses over the life of the receivable. Terna has thus determined the amount of expected credit losses using a provisioning matrix, based on information regarding historical credit losses for similar past due exposures, adjusted to take into account current conditions and forward-looking elements.

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Cash and cash equivalents

Cash and cash equivalents are recognised at nominal value and include amounts that are available on demand or readily convertible into known amounts of cash and subject to an insignificant risk of changes in value.

Trade payables

Trade payables are initially recognised at fair value and subsequently stated at amortised cost. If their due dates reflect normal commercial terms, they are not discounted.

Financial liabilities

Financial liabilities are recognised at the settlement date and measured at fair value, net of directly related transaction costs. Subsequently, financial liabilities are measured at amortised cost, using the original effective interest method. If the liabilities are covered by fair value hedges, they are adjusted to reflect changes in fair value with respect to the hedged risk. Subsequent measurement of financial liabilities depends on their classification as financial liabilities at amortised cost or at fair value through profit or loss.

Derivative financial instruments

Derivatives are recognised at fair value at the trade date.
The qualifying criteria applied in classifying derivatives as eligible for hedge accounting are as follows:

- the hedging relationship consists only of eligible hedging instruments and eligible hedged items;
- at the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the entity will assess whether the hedging relationship meets the hedge effectiveness requirements (including its analysis of the sources of hedge ineffectiveness and how it determines the hedge ratio);
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

Terna discontinues hedge accounting prospectively only when the hedging relationship (or a part of a hedging relationship) ceases to meet the qualifying criteria. This includes instances when the hedging instrument expires or is sold, terminated or exercised. For this purpose, the replacement or rollover of a hedging instrument into another hedging instrument is not an expiration or termination if such a replacement or rollover is part of, and consistent with, the entity's documented risk management objective.

For hedge accounting purposes, there are three types of hedge:

- fair value hedges when the hedge regards the exposure to changes in the fair value of the recognised asset or liability or there is an unrecognised firm commitment;
- cash flow hedges when the hedge regards the exposure to variability in cash flows that is attributable to a particular risk associated with all of the recognised asset or liability or a highly probable forecast transaction or the exchange rate risk on an unrecognised firm commitment;
- the hedge of a net investment in a foreign operation.

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When derivatives cover the risk of changes in the cash flows of the hedged instruments (cash flow hedges), the portion of changes in the fair value qualifying as effective is initially recognised in "Other comprehensive income" (accumulated in equity) and subsequently in profit or loss, as the cash flows from the hedged item affects the income statement. The portion of the fair value of the hedging instrument that does not qualify as effective is recognised in profit or loss.
When hedging derivatives cover the risk of changes in the fair value of hedged instruments (fair value hedges), they are recognised at fair value in profit or loss. Accordingly, the hedged items are adjusted to reflect changes in the fair value associated with the hedged risk.
Changes in the fair value of derivatives that do not meet hedge accounting requirements in accordance with the IFRS are recognised in profit or loss.
Fair value is measured on the basis of official quotations for instruments traded in regulated markets. The fair value of instruments not traded in regulated markets is measured by discounting projected cash flows along a yield curve prevailing in the market at the reporting date, and by translating amounts in currencies other than the euro at closing exchange rates.
Financial and non-financial contracts (which are not already measured at fair value) are also analysed to identify any embedded derivatives, which must be separated and measured at fair value.
This analysis is conducted at the time the entity becomes party to the contract or when the contract is renegotiated in a manner that produces a material change in the original associated cash flows.

Hybrid bonds

Issues of non-convertible, perpetual hybrid bonds are classified as equity instruments. These are in fact instruments that allow Terna to defer coupon payments over time and whose early redemption is permitted on the occurrence of certain events or at the reset date. These instruments cannot be converted into shares and, in the event of the Company's liquidation, winding up or insolvency, interest payments are subordinated to all the issuer's other payment obligations.
The proceeds received from the sale of the instruments and subsequent returns of capital are accounted for as an increase or a reduction in equity, respectively, in compliance with the requirements applicable to equity instruments in IAS 32. Interest expense, at the time the payment obligation arises, is recognised as a reduction in equity.

Employee benefits

The liability associated with employee benefits payable on or after termination of employment relate to defined benefit plans (deferred compensation benefits, additional months' pay[35], payment in lieu of notice[36], energy discounts, ASEM health cover and other benefits) or with other long-term employee benefits (loyalty bonuses) is recognised net of any plan assets. The liability is measured separately for each plan on the basis of actuarial calculations that estimate the amount of vested future benefits that employees have accrued at the reporting date. The liability is recognised on an accruals basis over the vesting period. The valuation of the liability is performed by independent actuaries.

Share-based payments

Given that they are substantially a form of remuneration, personnel expenses include the cost of share-based incentive plans. The cost of the incentive is measured on the basis of the fair value of the equity instruments granted and the expected number of shares to be effectively awarded. The accrued amount for the period is determined on a straight-line basis over the vesting period, being the period between the grant date and the date of the award. The fair value of the shares underlying the incentive plan is measured at the grant date, based on the expected satisfaction of the performance conditions associated with market conditions and is not subject to adjustment in future periods. When receipt of the benefit is linked to non-market conditions, the estimate relating to these conditions is reflected and the accrual's number of shares expected to be awarded is adjusted over the vesting period.

[35] Additional months' pay.
[36] Payment in lieu of notice.

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If, at the end of the vesting period, the plan does not result in the award of any shares to beneficiaries due to the failure to satisfy the performance conditions, the portion of the cost linked to market conditions is not reversed through the income statement.

Provisions for risks and charges

In accordance with IAS 37, provisions set aside for risks and charges are recognised when, at the reporting date, the Company has a legal or constructive obligation as the result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the disbursement. Where the effect is material, provisions are made by discounting estimated future cash flows using a discount rate that reflects current market rates and the specific risk applicable to the obligation, if any. Where discounting is used, the increase in the provisions due to the passage of time is recognised in the income statement as a financial expense.
If it relates to property, plant and equipment (site disposal and restoration, for example), the provision is recognised as a contra entry to the asset to which it relates. The expense is recognised in the income statement through depreciation of the item of property, plant and equipment to which it relates.
Changes in the estimates are recognised in the income statement for the year in which the change occurs, except for the expected costs of dismantling, removal and restoration resulting from changes in the timing and use of the economic resources necessary to extinguish the obligation or are attributable to a material change in the discount rate. These costs are recognised as an increase or reduction in the related assets and recognised in the income statement through depreciation.

Government grants

In accordance with IAS 20, government grants are recognised when there is reasonable assurance that they will be received and that the Company will comply with all the conditions attached to their receipt. Grants received in relation to specific assets whose value is recognised under non-current assets are recognised, in the case of plant already in operation at 31 December 2002, among other liabilities and taken to the income statement over the depreciation period for the assets in question. Since the 2003 financial year, grants relating to new assets brought into operation are recognised as a direct reduction of the related assets.
Grants related to income are recognised in the income statement when the conditions for recognition are met.

Revenue

Terna's revenues are structured as follows:
Revenue from sales and services, including revenue from contracts with customers and therefore falling within the scope of IFRS 15.
In accordance with the provisions of IFRS 15, revenue from contracts with customers is recognised when the performance obligations identified in the contract are satisfied and control over the goods or services is transferred to the customer for an amount that reflects the consideration that Terna expects to receive in exchange for the goods or services.
The standard envisages two methods for identifying the correct time at which to recognise the revenue attributable to each performance obligation: at contract inception, Terna determines if the goods or services covered by the performance obligation will be transferred to the customer over a period of time or at a point in time:

- **Revenue from the sale of goods** is recognised when control of the goods is transferred to the customer (at a point in time). Terna determines if there are other promises in the contract representing a performance obligation to which a part of the transaction consideration must be allocated. In determining the sale price, Terna takes into account the effects of a variable consideration, significant financial components, non-monetary components and amounts to be paid to the customer (if present);

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- **Revenue from services** is recognised with reference to the stage of completion of the activity, in accordance with the provisions of IFRS 15 (over a period of time). For work in progress, the stage of completion is determined using the percentage of completion method based on costs incurred (cost-to-cost), which compares costs incurred to date with the total estimated costs required to complete the project. This approach allows revenue to be recognised in proportion to the actual progress of the work.

Revenue from sales and services also includes "pass-through" revenue and expenses originating from the purchase and sale of energy from and to electricity market operators. The regulatory framework requires that such expenses and revenue must always amount to zero, via a pro rata charge to each consumer for the net cost resulting from the measurement of imbalances and purchase and sale transactions, carried out by Terna on the Dispatching Services Market, through a specific fee known as an uplift payment. Terna receives compensation for this activity through specific revenue for providing the dispatching service. Given that Terna does not have the power to set the prices of DSM transactions, this revenue is presented net of the related costs.

Revenue from sales and services also includes output-based incentives, as defined by ARERA, for both transmission and dispatching activities. The incentive mechanisms fall within the scope of application of IFRS 15. If the counterparties through which Terna collects an incentive are not active in the market in the year in which achievement of the targets underlying the incentive scheme is confirmed, IFRS 15 is applied in accordance with the analogy-based approach provided for in IAS 8, as confirmed with reference to the Conceptual Framework for Financial Reporting.
If the mechanism includes a significant financial component, the amounts recognised in the financial statements are discounted to present value. Based on the specific nature of each mechanism, Terna assesses whether the performance obligation is satisfied over a period of time or at a point in time, also taking into account whether or not the right is subject to confirmation or verification by the regulator, ARERA.

Other revenue and income, which includes revenue from lease arrangements and other residual forms of revenue, included within the scope of application of IFRS 15, deriving from sales of goods not forming part of the Group's ordinary activities.

Costs

Costs are recognised on an accrual basis and are recorded in the financial period to which they relate. They are recognised in the period when they relate to goods and services sold or used in that period, or when they are allocated systematically over multiple periods, or when it is not possible to reliably identify any future economic benefit associated with them.

Financial income and expenses

Financial expenses directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. For the purposes of capitalisation, qualifying tangible and intangible assets are those that require a period of one year or more before being ready for use. Financial expenses directly attributable are those that would not have been incurred if the expenditure on the asset had not been made.
Where funds are borrowed specifically, the costs eligible for capitalisation are the actual costs incurred less any income earned on the temporary investment of such borrowings. Where loans are obtained for general purposes, the eligible amount is determined by applying a capitalisation rate to the expenditure on that asset equal to the weighted average of the financial expenses applicable to the borrowings outstanding for the year, excluding any specifically borrowed funds. The amount of capitalised financial expenses during a year will in any case not exceed the amount of financial expenses incurred during that year.

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Capitalisation commences as from the date all the following conditions are first met: (a) expenditure has been incurred for the asset; (b) financial expenses have been incurred; and (c) the activities involved in preparing the asset for its intended use or sale are in progress.
Capitalisation ceases when the activities involved in preparing the asset for its intended use or sale are substantially complete.
The average capitalisation rate used for 2025 is approximately 2.8% (2.6% for 2024).
Financial income and expenses other than capitalised amounts are recognised on an accruals basis in respect of the interest on the net value of the related financial assets and liabilities, using the effective interest rate.

Own shares

Treasury shares, including those held to service share-based incentive plans, are recognised at cost and accounted for as a reduction in equity. Any gains or losses resulting from the later sale of such shares are recognised in equity.

Dividends

Dividends from equity investments are recognised when the shareholders' right to receive payment becomes unconditional. Dividends and interim dividends payable to shareholders are shown as changes in equity at the date in which they are approved by the General Meeting of shareholders and the Board of Directors, respectively.

Earnings per share

In accordance with IAS 33, basic earnings per share are calculated by dividing the profit or loss for the year attributable to holders of ordinary shares, net of the effect of interest paid to holders of subordinated perpetual hybrid bonds and the related tax effect, by the weighted average number of ordinary shares outstanding during the year, excluding own shares.
Diluted earnings per share are calculated by dividing net profit, adjusted for interest on subordinated perpetual hybrid instruments and the related tax effect, by the weighted average number of shares in issue during the period, excluding own shares, increased by the number of shares that may be issued.

Income taxes

IAS 12 sets out the requirements for the recognition of current and deferred tax assets and liabilities. Current income taxes are recognised as "Tax liabilities", net of advances paid, or "Income tax assets" where the net balance of the items is positive. They are based on the estimated taxable income and in accordance with current legislation, taking account of applicable exemptions.
Deferred tax assets and liabilities are calculated on temporary differences between the carrying amounts of assets and liabilities recognised in the financial statements and the corresponding amounts recognised for tax purposes, using current tax rates or the rates expected to be in effect when the temporary differences reverse, based on rates approved at the reporting date.
Deferred tax assets are recognised when their recovery is considered probable, i.e. when future taxable income will be available against which the asset can be used. The recoverability of deferred tax assets is reviewed at the end of each year.
Deferred tax liabilities are recognised in any case if they exist. Taxes relating to items recognised directly in the statement of comprehensive income are also allocated to the statement of comprehensive income.

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New accounting standards

International accounting standards effective as of 1 January 2025

A number of new amendments to standards already applied, none of which have had a significant impact, came into effect from 1 January 2025. The pillars are as follows:

Amendment to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability

On 15 August 2023, the IASB published an amendment entitled "Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability". The document clarifies the criteria for assessing when one currency is not convertible into another, defines how to estimate the exchange rate, and sets out the disclosure requirements to be provided in the notes to the financial statements. The document requires an entity to consistently apply a methodology to determine currency convertibility and, in the case of non-exchangeability, to estimate the exchange rate and provide relevant disclosures. The changes have not had a significant impact on Terna's financial statements.

International accounting policies, amendments and interpretations endorsed but yet to come into effect

As at the reporting date of this document, the competent bodies of the European Union have completed the endorsement process required for the adoption of the amendments and standards described below; however, such standards are not yet mandatorily applicable and have not been early adopted by Terna as at 31 December 2025:

Amendment to IFRS 9 and IFRS 7: Classification and Measurement of Financial Instruments

The amendment, published on 30 May 2024, clarifies a number of problematic issues arising from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary when ESG objectives are met (e.g. green bonds). With these amendments, the IASB has also introduced additional disclosure requirements, in particular with respect to investments in equity instruments designated at FVOCI.
The amendments will be effective for financial years beginning on or after 1 January 2026, although early adoption is permitted.

Amendment to IFRS 9 and IFRS 7: Contracts Referencing Nature-dependent Electricity

This amendment, published on 18 December 2024, aims to help companies provide a better disclosure of the financial effects of contracts structured as Power Purchase Agreements (PPAs). The amendments will apply to financial statements for financial years beginning on or after 1 January 2026, although early adoption is permitted.

Annual Improvements Volume 11

On 18 July 2024, the IASB published Annual Improvements to IFRS Accounting Standards - Volume 11, which contains clarifications, simplifications, corrections and amendments to IFRS accounting policies aimed at improving their consistency. The accounting standards affected are: IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures and its accompanying Guidance on implementing IFRS 7, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements and IAS 7 Statement of Cash Flows. The amendments will become effective from 1 January 2026, although early adoption is permitted.

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International Accounting Standards, amendments or interpretations in the process of being endorsed at 31 December 2025

For newly issued amendments, standards and interpretations that have not yet been endorsed by the European Union but that concern matters currently or potentially relevant to Terna, an assessment is in progress to evaluate any possible impacts on the financial statements, taking into account their effective dates. In particular:

IFRS 18 Presentation and Disclosure in Financial Statements

The standard, issued on 9 April 2024, aims to improve the presentation of financial performance in terms of comparability, transparency and usefulness of the information provided through the financial statements, introducing significant changes to their structure, particularly with reference to the income statement.
The amendment is effective from 1 January 2027, although early adoption is permitted.
IFRS 18 replaces IAS 1 Presentation of Financial Statements and establishes new requirements for the presentation of the statement of profit or loss, including the introduction of defined totals and subtotals.
In particular, the new standard requires:

- revenue and expenses to be classified into three new categories (operating, investing and financing), in addition to the existing categories relating to income taxes and discontinued operations already included in the income statement;
- to present two additional subtotals, operating profit and profit before interest and tax (i.e. EBIT).

The standard also requires disclosure based on the new definition of management-defined performance measures (MPMs), which are subtotals of income and expenses, and introduces new requirements for the aggregation and disaggregation of financial information based on the identified roles of the “primary financial statements” (PFS) and the notes.
IFRS 18, together with the related amendments to other accounting standards, will apply to financial years beginning on or after 1 January 2027; early adoption is permitted, subject to appropriate disclosure. The standard will be applied retrospectively.
Terna is currently evaluating the potential impacts of adopting IFRS 18 on its financial statements and note disclosures, and is monitoring ongoing discussions at the IFRS Interpretations Committee and any guidance provided by ESMA.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

On 9 May 2024, the IASB issued the new standard IFRS 19 – Subsidiaries without Public Accountability: Disclosures, together with the Amendments to IFRS 19 published on 21 August 2025. The standard aims to simplify disclosure requirements in the notes to the financial statements for entities without public accountability that are subsidiaries of groups applying International Financial Reporting Standards. The amendment sets out simplifications designed to reduce the costs of preparing the financial statements of subsidiaries, while maintaining the usefulness of the information for users of financial statements.
The amendment is effective from 1 January 2027, although early adoption is permitted.

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B. Notes to the Income Statement

Revenue

1. Revenue from sales and services - €3,130.4 million

(€/millions)

	2025	2024	Δ
CTR fee for network use	2,604.8	2,227.1	377.7
Dispatching and metering fees and other energy-related revenue	175.2	153.8	21.4
Incentives on dispatching and transmission activities	123.8	361.0	(237.2)
Revenue from services performed under concession	121.0	112.9	8.1
Quality of service	16.7	20.5	(3.8)
Other sales and services	88.9	85.3	3.6
TOTAL	**3,130.4**	**2,960.6**	**169.8**

CTR fee for network use

The line item, amounting to €2,604.8 million, includes revenue from the Company's core business relating to the remuneration due for the ownership and operation of the National Transmission Grid.

The increase in the line item (up €377.7 million) is mainly attributable to:

- the recognition of the fast money component determined on the basis of the conventional capitalisation rate defined under the ROSS framework;
- the reduction in the timeframe for tariff recognition of depreciation relating to investments made from 2024 onwards;
- the recognition of the tariff decoupling adjustment for 2024 (ARERA Resolution no. 573/2025/R/eel), and the estimate of the tariff decoupling adjustment for 2025, also including the effect of the new parameters for the revaluation of the cost of capital (ARERA Resolution no. 130/2025/R/eel);
- an increase in the RAB and, at the same time, a reduction in the WACC, from 5.8% in 2024 to 5.5% in 2025.

Dispatching and metering fees and other energy-related revenue

This item regards fees received in return for providing dispatching and metering services (the dispatching component, amounting to €169.3 million, and the metering component, amounting to €3.7 million) and other energy-related revenue of €2.2 million.
The line item increased by €21.4 million compared with the previous year, mainly attributable to the update of dispatching charges provided for under Resolution no. 579/2024.

Incentives on dispatching and transmission activities

This item consists of output-based incentives relating to dispatching and transmission activities, amounting to a total of €123.8 million.
The incentives relate to the portion attributable to the period of the incentive mechanism introduced by Resolution no. 326/2024, aimed at reducing balancing market (DSM) costs, wind curtailment and system essentiality over the 2025–2027 period, as well as to the development of additional interzonal transmission capacity, for the portion of the incentive provided under ARERA Resolutions no. 473/2023/R/eel, no. 445/2024/R/eel, no. 420/2025/R/eel and no. 440/2025/R/eel.
Resolution no. 326/2024 updates the incentive mechanism by determining the reward on an annual basis through comparison between the dispatching costs actually incurred in the incentive year and the relevant baseline. The amount recognised is limited to the portion deemed highly probable and not subject to significant adjustments.
The item decreased by €237.2 million compared with the previous year, due to the reduction in incentives linked to dispatching efficiency (ARERA Resolutions no. 597/2021/R/eel, no. 132/2022/R/eel and no. 326/2024/R/eel), substantially offset by higher incentives related to the scheme for the development of incremental interzonal capacity.

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Revenue from services performed under concession

This item includes revenue from infrastructure construction and upgrade services performed under concession, recognised in application of IFRIC 12, amounting to €121.0 million.
The increase compared with the previous year, amounting to €8.1 million, regards greater investment in dispatching infrastructure during the period.

Quality of service

The item, amounting to €16.7 million, reflects the valuation of the RENS (Reference Energy Not Supplied) incentive mechanism provided for by Resolution no. 653/2015/R/eel, recognised on a pro-rata basis taking into account estimates of the overall results expected over the 2020-2026 period.
The item decreased by €3.8 million compared with the previous year, following the extension of the incentive mechanism until 2026 (Resolution no. 573/2025).

Other sales and services

The item "Other sales and services" amounts to €88.9 million and mainly relates to revenue generated from administrative, support and consultancy services provided to subsidiaries (€28.0 million, of which €21.0 million relates to services rendered to Terna Rete Italia S.p.A.), connection services to the National Transmission Grid (€15.7 million) and the non-regulated business (€43.3 million), primarily relating to fibre optic hosting and housing services (€23.2 million) and O&M activities on SA.CO.I 3 (€8.6 million).
The increase compared with the previous year (up €3.6 million) is mainly attributable to higher revenue from the SA.CO.I 3 contract relating to O&M activities (up €3.7 million) and from services provided to subsidiaries (up €2.2 million), primarily due to administrative services aligned with changes in the scope of activities, as well as other non-recurring effects. These were partially offset by the recognition in the prior year of revenue related to the completion of works for the Italy–Austria private interconnector (down €3.4 million) and by lower revenue from connection services to the National Transmission Grid (down €0.2 million).

Pass-through revenue/expenses

The item includes pass-through revenue and expenses with a net nil impact on profit or loss, relating to dispatching activities and the security of the electricity system carried out by Terna. The reform of the Integrated Dispatching Code (TIDE) has comprehensively reorganised the charges relating to dispatching economic items, redefining their scope and structure and splitting the former Uplift into Uplift and Uplift Other components. Costs incurred by Terna are recovered through charges applied to Balance Responsible Parties (BRPs), which in turn pass them on to customers in accordance with their contractual terms.

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The table below presents all costs incurred during the year together with the related charges intended to cover them.

(€/millions)

	2025	2024	CHANGE
- Revenue from UPLIFT charges to cover the costs of procuring global national ancillary services (Art. 4-25.3 of TIDE)	704.4	400.3	304.1
- Balance from OTHER charges to cover additional economic items relating to the dispatching service (Art. 4-25.8 of TIDE)	(104.0)	-	(104.0)
- Balancing Market and redispatching costs (MBR)	(704.4)	(677.1)	(27.3)
- Net balance of income and expenses relating to the items referred to in Article 4-25.8.2 of TIDE	104.0	276.8	(172.8)
- Revenue from MOD RID charges to cover the costs of remuneration for upward extraordinary modulation services and demand reduction services (Art. 4-25.6 of TIDE)	506.0	473.0	33.0
- Costs for the remuneration of extraordinary modulation services and demand reduction services	(506.0)	(473.0)	(33.0)
- Revenue from UESS charges to cover the costs of plants essential for system security (Art. 4-25.4 of TIDE)	543.9	568.4	(24.5)
- Costs relating to facilities essential to system security	(543.9)	(568.4)	24.5
- Revenue from M PROD charges to cover the costs of curtailed generation from non-programmable renewable energy plants (Art. 4-25.7 of TIDE)	38.5	22.1	16.4
- Costs of compensation for curtailed generation from non-programmable renewable energy plants (FERNP)	(38.5)	(22.1)	(16.4)
- Revenue from capacity charges to cover net procurement costs – Capacity Market (Art. 14.3, Annex A of the Resolution 98/11)	2,140.5	1.645.1	495.4
- Net charges for capacity procurement (Art. 14.1, Annex A of the Resolution 98/11)	(2,140,5)	(1,645,1)	(495.4)
- Revenue from Transitional Safeguard reintegration charges (Art. 25.1, Annex A of Resolution no. 618/23; Art. 25-bis of TIS)	70.1	74.2	(4.1)
- Negative component payable to CSEA for Transitional Safeguard reintegration charges	(70.1)	(74.2)	4.1
- Revenue from dispatching charges for withdrawal points relating to end customers connected at low voltage (Art. 23.1, Annex A of Resolution no. 618/23; Art. 25 of TIS)	27.9	(119.9)	147.8
- Negative component payable to CSEA arising from dispatching charges for low-voltage withdrawal points	(27.9)	119.9	(147.8)

2. Other revenue and income – €70.3 million

(€/millions)

	2025	2024	CHANGE
Payment for lease of operations	22.6	22.6	-
Sundry grants	10.2	7.6	2.6
Revenue from IRU contracts for fibre	7.1	7.0	0.1
Gains on sale of infrastructure components	3.9	5.0	(1.1)
Insurance proceeds as compensation for damages	3.4	2.6	0.8
Rental income	3.3	3.4	(0.1)
Sales to third parties	2.7	3.0	(0.3)
Other revenue	17.1	11.3	5.8
TOTAL	**70.3**	**62.5**	**7.8**

The item “Other revenue and income”, amounting to €70.3 million, includes the revenue detailed in the table below and shows an increase of €7.8 million compared with the previous year, mainly attributable to higher revenue from other contributions (up €2.6 million, primarily relating to variation orders) and higher revenue of a different nature (up €5.8 million), including €1.2 million from services provided to subsidiaries under existing intercompany agreements and €0.8 million relating to compensation for damages.

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Operating costs

3. Raw and consumable materials used - €2.0 million

This item, amounting to €2.0 million, includes the value of the various materials and supplies, including fuel for the vehicle fleet. The decrease of €8.6 million compared with the previous year is mainly attributable to higher purchases of materials relating to Cyber Security infrastructure recognised in the prior year.

4. Services – €592.7 million

(€/millions)

	2025	2024	CHANGE
Intercompany services, including technical and administrative services	467.5	442.0	25.5
Maintenance and sundry services	67.6	55.0	12.6
Lease expense	21.0	19.1	1.9
IT services	13.6	11.7	1.9
Tender costs for plant	12.2	5.8	6.4
Insurance	10.2	11.8	(1.6)
Remote transmission and telecommunications	0.6	0.9	(0.3)
TOTAL	**592.7**	**546.3**	**46.4**

The item, “Intercompany services, including technical and administrative services” regards the accrued costs incurred under specific intercompany contracts (€470.7 million), largely regarding the subsidiary Terna Rete Italia S.p.A., which maintains and operates the infrastructure owned by the Company (€331.8 million), to investment in the development of the Company’s transmission and dispatching infrastructure (€112.8 million) and activities and services relating to plant owned by third parties (€1.4 million). This item also includes bonuses relating to the quality of the transmission service attributable to Terna Rete Italia S.p.A. (€10.0 million).
Fees payable to members of the Board of Statutory Auditors amount to €0.2 million, whilst those payable to members of the Supervisory Board set up in compliance with Legislative Decree 231/2001 amount to €0.1 million.

Net of costs recognised in accordance with IFRIC 12 relating to the development of dispatching infrastructure (which increased by €16.5 million), the increase in the “Services” item amounts to €46.4 million. This is mainly attributable to higher costs incurred with the subsidiary Terna Rete Italia S.p.A. (up €17.9 million), in particular relating to increased maintenance activities and operation of owned assets (up €18.9 million), partially offset by lower activities and services performed on third-party assets on behalf of the Company (down €2.2 million), mainly relating to the completion activities of the Italy–Austria private interconnector project recognised in the prior year. Also noted are higher costs for IT services (up €1.9 million), provisions for electricity crossing fees (up €3.2 million), Terna’s participation in GRIT and CORESO (up €2.5 million), and training costs (up €1.8 million).

Under the Company’s current organisational structure, responsibility for the activities involved in investment in the development and upgrade of dispatching infrastructure lies with both Terna S.p.A. itself and the subsidiary Terna Rete Italia S.p.A.. The related cost is held entirely under “Services” as a service received from the subsidiary. The following table shows details of the costs recognised in application of IFRIC 12 and within the scope of the item under review.

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(€/millions)

	2025	2024	CHANGE
Tender costs for plant	8.0	5.1	2.9
IT services	6.1	6.3	(0.2)
Maintenance and sundry services	2.0	3.3	(1.3)
Cost of services relating to investment in dispatching infrastructure (IFRIC 12)	**16.1**	**14.7**	**1.4**
Cost of services recognised in application of IFRIC 12 – Services from Terna Rete Italia S.p.A.	103.3	88.2	15.1
Total cost of services relating to investment in dispatching infrastructure (IFRIC 12)	**119.4**	**102.9**	**16.5**

5. Personnel expenses - €128.7 million

(€/millions)

	2025	2024	CHANGE
Salaries, wages and other short-term benefits	138.7	123.4	15.3
Termination benefits (TFR), energy discounts and other employee benefits	9.3	7.9	1.4
Early retirement incentives	8.9	14.8	(5.9)
Directors' remuneration	2.2	2.2	-
Gross personnel expenses	**159.1**	**148.3**	**10.8**
Capitalised personnel expenses	(30.4)	(23.2)	(7.2)
TOTAL	**128.7**	**125.1**	**3.6**

Personnel expenses for 2025, amounting to €128.7 million, include the costs detailed in the table below and show an increase of €3.6 million, mainly attributable to an increase in average workforce and higher capitalised costs.

The following table shows the Company's workforce by category at the end of the year and as the average for the year.

	AVERAGE WORKFORCE		WORKFORCE AT	
	2025	2024	31.12.2025	31.12.2024
Senior managers	59	57	65	58
Middle managers	402	365	419	387
Office staff	992	813	1,065	907
Total	**1,453**	**1,235**	**1,549**	**1,352**

The net increase in the average workforce compared with 2024 is up 218. This is essentially linked to the requirements relating to delivery of the investment programme included in the 2024-2028 Industrial Plan Update.

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6. Amortisation, depreciation and impairment losses – €858.3 million

(€/millions)

	2025	2024	CHANGE
Amortisation of intangible assets	181.5	154.7	26.8
- of which rights on infrastructure	*48.9*	*45.7*	*3.2*
Depreciation of property, plant and equipment	668.0	625.3	42.7
Write-downs of property, plant and equipment	8.5	14.6	(6.1)
Impairment losses on trade receivables	0.3	0.4	(0.1)
TOTAL	**858.3**	**795.0**	**63.3**

Amortisation, depreciation and impairment losses for the year amount to €858.3 million, an increase of €63.3 million compared with 2024, mainly due to the commissioning of new assets, net of lower impairment losses recognised during the period.

7. Other operating costs - €30.1 million

(€/millions)

	2025	2024	CHANGE
Fees paid to regulators and membership dues	10.9	9.6	1.3
Indirect taxes and local taxes and levies	9.4	9.5	(0.1)
Quality of service costs	3.8	2.5	1.3
Adjustment of provisions for litigation and disputes	(0.2)	(0.3)	0.1
Other operating costs	6.2	6.4	(0.2)
TOTAL	**30.1**	**27.7**	**2.4**

The most significant components of this item regard the costs incurred by the Company for membership dues and fees paid to trade bodies and associations relating to the Group's activities (€10.9 million), indirect taxes, local taxes and levies (€9.4 million, including €7.7 million in council tax), quality of service costs (€3.8 million), and other operating costs (€6.2 million), which include donations and other expenses.

The increase in the item of €2.4 million is mainly attributable to higher service quality charges (up €1.3 million, primarily relating to increased costs incurred for supply outages during 2025) and higher costs for membership fees and contributions (up €1.3 million).

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8. Financial income/(expenses) – (€158.6) million

(€/millions)

	2025	2024	CHANGE
FINANCIAL EXPENSES			
Financial expenses attributable to subsidiaries	(4.4)	(8.2)	3.8
Interest expense on medium/long-term borrowings and related hedges	(395.6)	(348.6)	(47.0)
Adjustments to bonds in issue and the related hedges	(1.2)	(0.4)	(0.8)
Discounting, employee benefits and operating leases	(0.8)	(0.8)	-
Foreign exchange losses	-	(0.1)	0.1
Capitalised financial expenses	121.7	74.1	47.6
Other financial expenses	(9.9)	(12.5)	2.6
Total expenses	**(290.2)**	**(296.5)**	**6.3**
FINANCIAL INCOME			
Dividends from subsidiaries	16.1	-	16.1
Dividends from associates	1.1	2.2	(1.1)
Financial income from subsidiaries	4.5	8.4	(3.9)
Implementation of output-based incentives	20.0	31.0	(11.0)
Interest income and other financial income	89.9	123.7	(33.8)
Total income	**131.6**	**165.3**	**(33.7)**
TOTAL	**(158.6)**	**(131.2)**	**(27.4)**

Net financial expenses for the year stood at €158.6 million. The increase in net financial expenses compared with the previous year, amounting to €27.4 million, primarily reflects the following:

- higher financial expenses of €47.0 million, relating to increased indebtedness following new borrowings undertaken during the period;
- lower financial expenses from subsidiaries of €3.8 million, attributable to a lower impairment of the investment in Terna Plus S.r.l. and to lower charges accrued on intercompany current accounts between Terna S.p.A. and its subsidiaries;
- an increase in capitalised financial expenses (up €47.6 million) due to increased investment during the period;
- higher dividends distributed by the subsidiary Terna Crna Gora (up €16.1 million);
- lower dividends received from the associate CGES compared with the previous year (down €1.1 million);
- lower income from subsidiaries of €3.9 million, attributable to interest on intercompany current accounts between Terna S.p.A. and its subsidiaries;
- lower income from the discounting of output-based incentives of €11.0 million, mainly relating to the discounting of receivables associated with incentives for reducing dispatching costs;
- lower financial income of €33.8 million due to lower returns on cash and cash equivalents and other financial assets.

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9. Income tax for the year – €441.2 million

(€/millions)

	2025	2024	CHANGE
Income tax for the year			
Current tax expense:			
- IRES (corporate income tax)	374.9	364.2	10.7
- IRAP (regional tax on productive activities)	88.5	85.9	2.6
Total current tax expense	**463.4**	**450.1**	**13.3**
New temporary differences:			
- deferred tax assets	(46.3)	(41.2)	(5.1)
Reversal of temporary differences:			
- deferred tax assets	10.9	6.8	4.1
Total deferred tax (income)/expense	**(35.4)**	**(34.4)**	**(1.0)**
Other one-off effects	13.2	1.1	12.1
TOTAL	**441.2**	**416.8**	**24.4**

Current taxes for the year amount to €463.4 million, increasing compared with the previous year, mainly as a result of higher profit before tax and higher non-deductible expenses recognised during the period.
Net deferred taxes (down €35.4 million) are broadly in line with the previous year.
The effective tax rate for the year (tax expense of €441.2 million) is 30.8% of profit before tax, compared with 30.0% in 2024. For a clearer presentation of the differences between the theoretical and effective tax charges, the table below reconciles the theoretical and effective tax rates for the year.

(€/millions)

	TAXABLE INCOME	TAX	% CHANGE
Operating profit	1,588.9		
IRAP (5.08% on operating income)		80.7	
IRAP THEORETICAL RATE			**5.1%**
Permanent differences in IRAP		7.5	0.5%
TOTAL IRAP		**88.2**	**5.6%**
Other one-off effects		(2.9)	(0.2%)
TOTAL IRAP NET OF ONE-OFF EFFECTS		**85.4**	**5.4%**

(€/millions)

	TAXABLE INCOME	TAX	% CHANGE
Profit before tax	1,430.3		
IRES - Theoretical tax charge		343.3	
IRES THEORETICAL RATE			**24.0%**
Permanent differences in IRES		(6.2)	(0.4%)
Total IRES		**337.1**	**23.6%**
Other one-off effects		18.7	1.3%
TOTAL IRES NET OF ONE-OFF EFFECTS		**355.8**	**24.9%**

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10. Earnings per share

The amount of basic earnings per share, corresponding to diluted earnings per share, totalled €0.469 (numerator totalling €989.1 million — corresponding to the profit for the year, net of the effect of interest paid to the holders of perpetual subordinated hybrid bonds and the related tax effect (down €48.7 million) — and denominator being 2,006,021,989.0 shares, equal to the weighted average number of shares outstanding during the year).

C. Operating segments

In line with the requirements of "IFRS 8 – Operating segments", companies that publish a parent company's consolidated financial statements in a single document, together with the company's separate financial statements, only have to present segment information in the consolidated financial statements.

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D. Notes to the statement of financial position

Assets

11. Property, plant and equipment – €19,586.7 Million

(€/millions)

	LAND	BUILDINGS	PLANT AND EQUIPMENT	INDUSTRIAL AND COMMERCIAL EQUIPMENT	OTHER ASSETS	ASSETS UNDER CONSTRUCTION AND PREPAYMENTS	TOTAL
COST AT 31 DECEMBER 2024	**157.0**	**2,489.4**	**21,514.9**	**155.8**	**252.4**	**3,722.2**	**28,291.7**
Capital Expenditure	1.3	5.0	1.1	6.4	2.4	3,009.8	3,026.0
of which right-of-use assets	-	*4.8*	-	-	*2.0*	*1.4*	*8.2*
Assets entering service	6.7	145.0	1,410.5	5.4	18.4	(1,586.0)	-
Intercompany sales	-	-	(1.2)	-	-	-	(1.2)
Disposals and impairments	(0.4)	(3.1)	(70.9)	-	(1.2)	(8.4)	(84.0)
of which right-of-use assets	-	*(0.2)*	-	-	*(1.2)*	-	*(1.4)*
Other changes	0.2	1.2	(36.4)	0.4	10.3	(10.7)	(35.0)
COST AT 31 DECEMBER 2025	**164.8**	**2,637.5**	**22,818.0**	**168.0**	**282.3**	**5,126.9**	**31,197.5**
ACCUMULATED DEPRECIATION AND IMPAIRMENT AT 31 DECEMBER 2024	**(1.8)**	**(856.5)**	**(9,869.8)**	**(107.6)**	**(180.4)**	**-**	**(11,016.1)**
Depreciation	(0.3)	(62.5)	(572.9)	(8.4)	(23.9)	-	(668.0)
of which right-of-use assets	*(0.3)*	*(1.9)*	-	-	*(1.7)*	-	*(3.4)*
of which for finance leases			*(1.8)*				*(1.8)*
Intercompany sales	-	-	0.2	-	-	-	0.2
Disposals	-	3.1	70.0	-	1.2	-	74.3
of which right-of-use assets	-	*0.2*	-	-	*1.2*	-	*1.4*
Other changes		(0.6)	1.5	(0.2)	(1.9)		(1.2)
ACCUMULATED DEPRECIATION AND IMPAIRMENT AT 31 DECEMBER 2025	**(2.1)**	**(916.5)**	**(10,371.0)**	**(116.2)**	**(205.0)**	**-**	**(11,610.8)**
Carrying amount							
AT 31 DECEMBER 2025	**162.7**	**1,721.0**	**12,447.0**	**51.8**	**77.3**	**5,126.9**	**19,586.7**
of which right-of-use assets	*4.1*	*7.3*	*14.2*	-	*2.4*	*1.5*	*29.4*
AT 31 DECEMBER 2024	**155.2**	**1,632.9**	**11,645.1**	**48.2**	**72.0**	**3,722.2**	**17,275.6**
of which right-of-use assets	*4.4*	*4.4*	*16.0*	-	*2.1*	*0.1*	*26.9*
CHANGE	**7.5**	**88.1**	**801.9**	**3.6**	**5.3**	**1,404.7**	**2,311.1**

The category, “Plant and equipment”, essentially includes the electricity transmission grid and transformer substations in Italy.
“Property, plant and equipment” is up €2,311.1 million, compared 31 December 2025, broadly due to the following movements:

- investment for the period (up €3,026.0 million), including €2,997.8 million in Regulated Activities;
- depreciation charge for the period (down €668.0 million);
- other movements during the year in “Property, plant and equipment”, resulting in a reduction of €46.9 million. This includes grants related to assets (down €43.0 million, primarily for the re-routing of power lines at the request of third parties and projects financed by the Ministry of Enterprises and Made in Italy and the EU) and disposals and impairment losses resulting in a reduction of €9.7 million.

With reference to the main projects for the year within Regulated Activities, the following are noted in particular:
- the continuation of the construction of the Tyrrhenian Link interconnection (€823.8 million);
- progress on activities relating to the Adriatic Link project (€163.6 million) and SA.CO.I. 3 project (€174.8 million);
- completion of the “Olimpiadi” Project, with assets commissioned in the last quarter of 2025 (€84.9 million);

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- continuation of the construction of the following power lines: Chiaramonte Gulfi – Ciminna (€85.4 million), Bolano – Annunziata (€72.2 million), Colunga – Calenzano (€61.5 million), Paternò – Pantano – Priolo (€22.1 million) and Cassano – Chiari (€22.4 million);
- Installation of synchronous compensators (€87.8 million);
- deployment of reactors (€13.5 million) and stabilising resistors (€18.8 million);
- expansion of the fibre optic network as part of the Fiber for the Grid project (€10.0 million).

During the financial year, indicators[37] of possible impairment of certain property, plant and equipment were identified in accordance with paragraphs 9-14 of IAS 36 "Impairment of Assets". Where such indicators were present, the Company determined the recoverable amount of the relevant assets, defined as the higher of fair value less costs of disposal and value in use, and compared it with their carrying amount. Based on this analysis, a total impairment loss of €8.4 million was recognised.

12. Goodwill – €190.2 Million

Goodwill (€190.2 million) pertains to the goodwill resulting from the mergers with the subsidiaries RTL (€88.6 million, merged into the Company in 2008) and Terna Rete Italia S.r.l. (€101.6 million incorporated in 2017).
The balance is unchanged with respect to the previous year.

Impairment testing

Cash Generating Unit – Terna S.p.A.'s transmission activities

For impairment testing purposes, Terna S.p.A.'s Regulated Activities were considered to be a cash generating unit (CGU). Measurement of the recoverable amount of the goodwill allocated to the transmission activities was based on fair value less costs of disposal. Determination of the carrying amount of the CGU represented by the NTG was based on Terna S.p.A.'s net invested capital at 31 December 2025, appropriately adjusted for the assets and liabilities not falling within the scope of Transmission activities (e.g., Dispatching, Non-regulated and International activities). The recoverable amount was based on fair value after applying an EBITDA multiple to the operating profit of the CGU represented by the NTG. This multiple was calculated at the level of the Company, as the ratio between the enterprise value (the sum of the stock market capitalisation and net debt) and the Company's EBITDA. The result obtained is significantly higher than the carrying amount recognised in the financial statements inclusive of goodwill.

13. Intangible assets – €912.9 Million

(€/millions)

	INFRASTRUCTURE RIGHTS	CONCESSIONS	OTHER ASSETS	ASSETS UNDER CONSTRUCTION AND PREPAYMENTS	TOTAL
Cost	741.3	135.4	771.5	194.0	1,842.2
Accumulated amortisation	(506.0)	(107.4)	(536.3)	-	(1,149.7)
BALANCE AT 31 DECEMBER 2024	**235.3**	**28.0**	**235.2**	**194.0**	**692.5**
Capital Expenditure	-	-	-	408.9	408.9
Assets entering service	104.6	0.3	225.4	(330.3)	-
Depreciation	(48.9)	(7.8)	(124.8)	-	(181.5)
Other changes	(21.5)	29.9	(15.4)	-	(7.0)
BALANCE AT 31 DECEMBER 2025	**269.5**	**50.4**	**320.4**	**272.6**	**912.9**
Cost	812.2	183.6	974.3	272.6	2,242.7
Accumulated amortisation	(542.7)	(133.2)	(653.9)	-	(1,329.8)
BALANCE AT 31 DECEMBER 2025	**269.5**	**50.4**	**320.4**	**272.6**	**912.9**
CHANGE	**34.2**	**22.4**	**85.2**	**78.6**	**220.4**

[37] External indicators include, for example, a significant decline in the market value of an asset or adverse changes in the technological environment. Internal indicators include, among other factors, obsolescence or physical deterioration of an asset, significant changes in the manner in which the asset is used, or performance below expectations.

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Intangible assets amount to €912.9 million and include:

- the infrastructure used in provision of the dispatching service in Italy accounted for in accordance with "IFRIC 12 – Service Concession Arrangements", with the carrying amount, at 31 December 2025 of infrastructure entering service during the year amounting to €269.5 million and of those under construction, included in the category "Assets under development and prepayments", amounting to €92.5 million (at 31 December 2024, the matching figures were €235.3 million and €76.2 million, respectively);
- the concession for electricity transmission and dispatching activities in Italy (with a carrying amount of €50.4 million at 31 December 2024). This 25-year concession was recognised in 2005, initially at fair value and subsequently at cost.

Other intangible assets primarily include software applications, either produced internally or purchased as part of systems development programmes. Investment in these assets during the year (€288.0 million) essentially regards internal development programmes.
The increase compared with the previous year (up €220.4 million) reflects the net effect of investment (up €408.9 million, including €120.9 million in infrastructure rights) and amortisation (down €181.5 million).
Investment in intangible assets during the year (€408.9 million, entirely within the scope of Regulated Activities) included expenditure on the development of software applications for the Remote Management System for Dispatching (€47.5 million), the Power Exchange (€16.9 million), the Metering System (€3.2 million) and for protection of the electricity system (€4.2 million), as well as software applications and generic licences (€235.5 million).
During the financial year, no indicators[38] of possible impairment of certain intangible assets were identified in accordance with paragraphs 9–14 of IAS 36 "Impairment of Assets".

14. Deferred tax assets – €188.9 million

(€/millions)

	31.12.2024	PROVISIONS	WITHDRAWALS	OTHER MOVEMENTS	EFFECTS RECOGNISED IN COMPREHENSIVE INCOME	31.12.2025
DEFERRED TAX ASSETS						
Property, plant and equipment	122.1	37.0	-	-	-	159.1
Provisions for risks and charges	19.2	5.2	(3.3)	-	-	21.1
Amounts due to employees	3.0	4.1	(2.2)	-	(0.1)	4.8
Cash flow hedges and financial assets	(4.6)	-	-	-	(2.7)	(7.3)
Tax relief on goodwill	8.9	-	(3.0)	-	-	(5.9)
Other	10.7	-	(2.4)	0.1	-	8.4
Total deferred tax assets	**159.3**	**46.3**	**(10.9)**	**0.1**	**(2.8)**	**192.0**
DEFERRED TAX LIABILITIES						
Employee benefits and financial instruments	(3.1)	-	-	-	-	(3.1)
TOTAL DEFERRED TAX LIABILITIES	**(3.1)**	**-**	**-**	**-**	**-**	**(3.1)**
NET DEFERRED TAX ASSETS	**156.2**	**46.3**	**(10.9)**	**0.1**	**(2.8)**	**188.9**

The balance of this item, amounting to €188.9 million, includes the net impact of movements in the Company's deferred tax assets and liabilities.

[38] External indicators include, for example, a significant decline in the market value of an asset or adverse changes in the technological environment. Internal indicators include, among other factors, obsolescence or physical deterioration of an asset, significant changes in the manner in which the asset is used, or performance below expectations.

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Deferred tax assets (€192.0 million) are up by a net €32.7 million compared with the previous year, reflecting the following movements:

- utilisations amounting to €2.8 million, attributable to tax effects recognised in the statement of comprehensive income, mainly relating to movements in cash flow hedge financial instruments;
- provisions of €37.0 million due to provisions for accelerated depreciation;
- net provisions totalling €1.9 million related to the changes during the period in provisions for risks and charges mainly due to the tax effect on right-of-use fees (€2.3 million);
- net provisions totalling €1.9 million relating to movements during the year in provisions for risks and charges linked to amounts payable to employees;
- release of deferred tax assets recognised in relation to tax relief on the goodwill resulting from the merger with Terna Rete Italia S.r.l. (€3.0 million).

Deferred tax liabilities of -€3.1 million are in line with the figure for 31 December 2024.

15. Financial assets

(€/millions)

	MEASUREMENT	31.12.2025	31.12.2024	CHANGE
Investments in subsidiaries	at cost	1,503.9	1,115.1	388.8
Investments in associates	at cost	46.8	46.8	-
Guarantee deposits	Amortised cost	433.8	372.4	61.4
Cash flow hedges	FVTOCI	0.7	-	0.7
NON-CURRENT FINANCIAL ASSETS		**1,985.2**	**1,534.3**	**450.9**
Government securities	FVTOCI	164.2	121.9	42.3
Other securities	FVTPL-FVTOCI	467.2	104.6	362.6
Time deposits	Amortised cost	100.0	200.0	(100.0)
Deferred assets on cash flow hedges		-	1.2	(1.2)
Other current financial assets		22.1	19.3	2.8
CURRENT FINANCIAL ASSETS		**753.5**	**447.0**	**306.5**

"Non-current financial assets" includes the items described below.

The item "Investments in subsidiaries", amounting to €1,503.9 million, relates to equity investments in subsidiaries directly held by Terna S.p.A. and shows an increase of €388.8 million compared with 31 December 2024. This increase is mainly attributable to the acquisition of the interest in Rete 2 S.r.l., recognised on 30 September 2025 (up €228.5 million), and to the conversion into equity of the net negative balance of the intercompany current account with the subsidiary Terna Energy Solutions S.r.l. on 3 August 2025 (up €161.4 million), partially offset by the impairment of the investment in Terna Plus following its alignment to the subsidiary's equity as at 31 December 2025 (down €1.1 million).
The figure posted for "Investments in associates" (€46.8 million) mainly relates to the investments in associates CGES – CrnoGorski Elektroprenosni Sistem AD (€26.7 million), CESI S.p.A. (€17.5 million), CORESO S.A. (€0.2 million) and joint arrangements ELMED Etudes S.a.r.l. (€0.3 million) and Selene CC S.A. (€2.1 million). The figure is in line with the previous year.

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The following table shows key information on investments in subsidiaries, associates and joint arrangements owned directly by Terna S.p.A. at 31 December 2025. Amounts relate to the latest approved financial statements.

NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	% INTEREST	CARRYING AMOUNT (€)
SUBSIDIARIES CONTROLLED DIRECTLY BY TERNA S.P.A.					
Terna Rete Italia S.p.A.	**Rome**	**Euro**	**300,000**	**100%**	**21,461,425**
Assets	Design, construction, management, development, operation and maintenance of power lines and network infrastructure and other grid-related infrastructure, plant and equipment used in the above electricity transmission and dispatching activities and in similar, related and connected sectors.				
Terna Crna Gora d.o.o.	**Podgorica (Montenegro)**	**Euro**	**208,000,000**	**100%**	**208,000,000**
Assets	Authorisation, construction and operation of the transmission infrastructure forming the Italy-Montenegro interconnector on Montenegrin territory.				
Terna Plus S.r.l.	**Rome**	**Euro**	**16,050,000**	**100%**	**72,191,389**
Assets	Design, construction, management, development, operation and maintenance of plant, equipment and infrastructure for grids and systems, including distributed storage and pumping and/or storage systems.				
Terna Interconnector S.r.l.	**Rome**	**Euro**	**10,000**	**65%***	**42,852**
Assets	Responsible for construction and operation of the private section of the Italy-France interconnector and civil works on the public section.				
Rete S.r.l.	**Rome**	**Euro**	**387,267,082**	**100%**	**790,178,808**
Assets	Design, construction, management, development, operation and maintenance of high-voltage power lines.				
Rete 2 S.r.l.	**Rome**	**Euro**	**137,574,499**	**100%**	**228,481,270**
Assets	Design, construction, management, development, operation and maintenance of high-voltage power lines.				
Terna Energy Solutions S.r.l.	**Rome**	**Euro**	**2,000,000**	**100%**	**173,656,553**
Assets	Design, construction, management, development, operation and maintenance of distributed energy storage systems, pumping and/or storage systems, plant, equipment and infrastructure, including grids; research, consultancy and assistance in matters relating to the core business; any other activity capable of improving the use and development of plant, resources and expertise.				
ESPERIA-CC S.r.l.	**Rome**	**Euro**	**10,000**	**1%****	**100**
Assets	A technical centre owned by a number of transmission system operators, which acts as the regional security coordinator for the TSOs, with the aim of improving and upgrading the security and coordination of the electricity system in south-eastern Europe.				
Terna Forward S.r.l.	**Rome**	**Euro**	**10,000**	**100%**	**9,810,000**
Assets	Development of new technological solutions for the Terna Group, investing in start-ups and small, medium and large enterprises with high innovation and technological potential.				

* *5% is held by Terna Rete Italia S.p.A. and 30% by Transenergia S.r.l.*
** *99% is held by Selene CC S.A.*

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NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	% INTEREST	CARRYING AMOUNT (€)
ASSOCIATES					
Cesi S.p.A.	**Milan**	**Euro**	**8,550,000**	**42.68%**	**17,563,382**
Assets	Experimental research and provision of services related to electro-technology.				
Coreso S.A.	**Bruxelles (Belgium)**	**Euro**	**1,000,000**	**15.84%**	**210,742**
Assets	Technical centre owned by several electricity transmission operators, responsible for coordinating joint operations of TSOs, in order to improve and upgrade the security and coordination of the electricity system in central and western Europe.				
CGES A.D.	**Podgorica (Montenegro)**	**Euro**	**155,108,283**	**22.08%**	**26,694,419**
Assets	Provision of transmission and dispatching services in Montenegro.				
Equigy B.V.	**Arnhem (Netherlands)**	**Euro**	**50,000**	**20.00%**	**10,000**
Assets	Provision of support for electricity balancing by TSOs through the development and implementation of blockchain technology.				
JOINT ARRANGEMENTS					
ELMED Etudes S.a.r.l.	**Tunis (Tunisia)**	**Tunisian dinar**	**2,016,120**	**50.00%**	**274,917**
Assets	Conduct of preparatory studies for construction of the infrastructure required to connect the Tunisian and Italian electricity systems.				
SEleNe CC S.A.	**Thessaloniki (Greece)**	**Euro**	**6,210,000**	**33.33%**	**2,071,219**
Assets	A technical centre owned by a number of transmission system operators, which acts as the regional security coordinator for the TSOs, with the aim of improving and upgrading the security and coordination of the electricity system in south-eastern Europe.				

** Figures taken from the latest approved financial statements at the date of preparation of this document.*

This item also includes:

- security deposits (€433.8 million), including the Interconnector Guarantee Fund (€201.6 million) set up to fund investment in interconnections by Article 32 of Law 99/09 and up €21.4 million compared to the previous year. Security deposits also include €232.2 million received from operators participating in the capacity market in accordance with Resolution Del. no. 98/2011/R/eel[39], as amended, showing a year-over-year decrease of €40.0 million;

The item "Current financial assets" increased by €306.5 million compared with the previous year, mainly due to changes in Italian government bonds and other securities held in the portfolio (€404.9 million overall), partially offset by a decrease in time deposits (€100.0 million).

[39] The regulation governing the remuneration system for the provision of production capacity was approved by the Ministerial Decree of 28/06/2019. The deposits were paid by the energy-intensive operators after the competition held by Terna on 6 and 28 November 2019. These provide a guarantee for the entire capacity market from 2022, with the aim of ensuring the achievement and maintenance of the adequacy of the national electricity system, in order to structurally fulfil expected electricity consumption and the power reserve margins needed to meet predetermined levels of safety and quality of service.

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16. Other assets

(€/millions)

	31.12.2025	31.12.2024	CHANGE
Loans and advances to employees	3.4	3.7	(0.3)
Deposits with third parties	1.7	1.4	0.3
Non-current receivables due from subsidiaries	2.8	2.7	0.1
OTHER NON-CURRENT ASSETS	**7.9**	**7.8**	**0.1**
Current receivables due from subsidiaries	0.1	0.4	(0.3)
Other tax credits	140.5	40.4	100.1
Amounts due from partners selected for Interconnector projects	2.8	3.4	(0.6)
Prepayments to suppliers	2.0	2.6	(0.6)
Prepayments of operating expenses and accrued operating income	11.8	10.0	1.8
Amounts due from others	0.7	3.7	(3.0)
OTHER CURRENT ASSETS	**157.9**	**60.5**	**97.4**

"Other non-current assets" (€7.9 million) are broadly in line with the previous year and mainly comprise receivables from subsidiaries recognised in connection with employee incentive schemes based on share-based payments (Performance Share Plans 2021-2025, 2022-2026, 2024-2028 and 2025-2029[40]).

"Other current assets", amounting to €157.9 million, increased by €97.4 million compared with 31 December 2024, mainly due to:

- an increase in "other tax receivables" (up €100.1 million), largely attributable to higher VAT receivables (up €100.0 million), resulting from the exit of Terna S.p.A. from the Split Payment regime starting from July 2025;
- a decrease in "other receivables" (down €3.0 million), mainly relating to lower advances paid for insurance premiums (€1.1 million) and to other items to be settled recognised in the previous year and collected in the early days of 2025.

17. Trade receivables – €2,906.7 million

(€/millions)

	31.12.2025	31.12.2024	CHANGE
Energy-related receivables	2,207.9	2,186.9	21.0
Transmission charges receivables	632.1	682.1	(50.0)
Other trade receivables	23.3	21.5	1.8
Amounts due from subsidiaries	43.4	45.6	(2.2)
TRADE RECEIVABLES	**2,906.7**	**2,936.1**	**(29.4)**

[40] The Board of Directors of Terna S.p.A., on 16 June 2021, 15 June 2022, 14 June 2023, 26 June 2024 and 24 June 2025, respectively, approved the regulations governing the Performance Share Plans for the periods 2021-2025, 2022-2026, 2023-2027, 2024-2028 and 2025-2029, in implementation of the resolutions adopted by the Annual General Meeting held on 30 April 2021, 29 April 2022, 9 May 2023, 10 May 2024 and 21 May 2025. These five LTI plans grant rights to receive a certain number of Terna S.p.A. shares. (Performance Shares) will be granted free of charge at the end of the performance period, provided that the performance targets to which the Plans are linked are achieved.

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Trade receivables amounted to €2,906.7 million and are measured net of impairment losses relating to balances considered uncollectible and recognised, by way of adjustment, in the allowance for doubtful accounts (€71.4 million for energy-related items and €18.7 million for other items in 2025, compared with €70.6 million and €23.5 million, respectively, in 2024; for further details, reference should be made to section "E. Commitments and Risks"). The carrying amount shown broadly approximates to fair value.
The measurement of expected credit losses is described in the section, "A. Accounting policies and measurement criteria".

Energy-related/regulated receivables – €2,207.9 million

The item includes receivables relating to so-called "pass-through items" connected with the procurement by the Company of the resources required to ensure dispatching, as well as the security and adequacy of the national electricity system (€1,572.5 million), and receivables from dispatching users for margin-related charges (€530.7 million). It also includes receivables (€104.6 million) from the Fund for Energy and Environmental Services (CSEA), relating to service quality (€37.3 million) and tariff decoupling adjustments (€67.3 million).

These receivables were up €21.0 million compared to 2024 year-end, primarily reflecting:

- receivables relating to pass-through items increased by €156.6 million, mainly attributable to:
  - an increase in Terna's receivables related to Uplift and Uplift-Other components and the related items (up €68.8 million), reflecting Terna's creditor position at the end of 2024 benefiting from efficiency improvements in dispatching services;
  - an increase in receivables relating to charges covering capacity market costs, attributable to the increase in contracted capacity for 2025 (€57.3 million);
  - an increase in receivables relating to charges covering costs of curtailed renewable generation (€24.9 million), following the extension of remuneration for curtailed generation from wind-only (under the regime prior to Resolution no. 128/2025) to all non-programmable renewable sources.
- recognition of the 2024 tariff decoupling settlement, received from CSEA in January 2026 (€67.3 million);
- decrease in receivables (€195 million) relating to output-based incentives collected during the year. Tunisian dinar

Transmission charges receivable – €632.1 million

Transmission charges receivable, amounting to €632.1 million, represent the amount due to the Parent Company and other grid owners from electricity distributors for use of the National Transmission Grid. This receivable decreased by €50.0 million compared with 31 December 2024, as a result of the combined effect of:

- a reduction of the credit exposure related to the Inter-TSO Compensation (ITC) mechanism[41] following the recovery of higher charges incurred in previous years (€120.8 million).
- an increase in receivables arising from the tariff update – pursuant to Resolution no. 579/2024[42] (€54.7 million);
- the recognition of the accrued portion of the remuneration of digital substation systems under Resolution no. 565/2020 (€16.2 million).

[41] Inter-TSO Compensation: a payment to TSOs for use of their national transmission grids (infrastructure and losses) to transport energy, including those relating to cross-border flows. The related charges are allocated to "Energy-related non pass-through payables".
[42] Determination of the reference revenue from the transmission and dispatching service and of the electricity transmission tariffs for 2025" whereby the reference revenue from the transmission and dispatching service and the electricity transmission tariffs for 2025 are determined.

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Other trade receivables – €23.3 million

Other trade receivables, amounting to €23.3 million, increased by €1.8 million compared with the previous year, mainly due to higher activities recognised in the final quarter of the year within the non-regulated business.

Amounts due from subsidiaries – €43.4 million

This item, standing at €43.4 million, essentially relates to services provided in the last period of the year in accordance with contracts entered into with subsidiaries Terna Rete Italia S.p.A. (€26.7 million), mainly pertaining to the business unit lease fee (€8.8 million) and administrative services (€6.4 million), and Terna Energy Solutions S.r.l. (€11.5 million).
The item decreased compared with the previous year (down €2.2 million), mainly due to lower receivables from the subsidiary Terna Energy Solutions S.r.l. (down €6.8 million, relating to the disposal of fibre optic assets), partially offset by higher receivables recognised in the final quarter of the year from Terna Rete Italia S.p.A. (up €3.0 million) and from the Brugg Cables Group (up €1.8 million).

18. Cash and cash equivalents – €1,995.1 million

Cash and cash equivalents, amounting to €1,995.1 million as at 31 December 2025, decreased by €420.2 million compared with 31 December 2024 and consist of €1,385.0 million invested in deposits and other short-term, highly liquid instruments, €191.5 million in bank accounts and cash on hand, and €418.6 million relating to the net positive balance of intercompany current accounts held by the Company with its subsidiaries.

19. Income tax assets – €3.3 million

Income tax assets, amounting to €3.3 million, are in line with the figure for the previous year.

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Equity and liabilities

20. Equity – €7,128.1 million

Share capital – €442.2 million

Terna's share capital consists of 2,009,992,000 ordinary shares with a par value of €0.22 per share.

Legal reserve – €88.4 million

The legal reserve accounts for 20% of the Company's share capital and is unchanged with respect to the previous year.

Reserve for treasury shares – (€34.3) million

The reserve includes own shares acquired by Terna S.p.A. to service the Performance Share plans.

The Company, in implementation of the share buyback programme to service the new Performance Share Plan 2025–2029, approved by the Annual General Meeting on 21 May 2025, Terna acquired 1,060,499 own shares (equal to 0.053% of the share capital) in the period from 8 September 2025 to 16 September 2025, for a total consideration of €9.0 million. These are in addition to shares acquired in previous years to service the Performance Share Plan 2020–2023, the Performance Share Plan 2021–2025, the Performance Share Plan 2022–2026, the Performance Share Plan 2023–2027 and the Performance Share Plan 2024–2028.
In addition, in the period between 21 May 2025 and 3 June 2025, the Parent Company allotted 917,720 treasury shares to the beneficiaries of the Performance Share Plan 2022-2026, amounting to a total of approximately €6.1 million.

As a result, at 31 December 2025, Terna S.p.A. now holds a total of 4,294,627 treasury shares (equal to 0.214% of the share capital), purchased at a cost of €34.3 million, thereby reducing other reserves by this amount.

Reserve for equity instruments – €1,835.6 million

The value of this reserve reflects non-convertible hybrid perpetual subordinated green and fixed-rate bonds ("hybrid green bonds") issued by Terna S.p.A.:

- Bond issued on 2 February 2022, for a face amount of €1 billion (€989.0 million net of ancillary costs). This bond, which is non-callable for six years, will pay coupon interest of 2.375% until 9 February 2028, the first reset date. After this date, the bonds will pay annual interest equal to the 5-year Euro Mid-Swap rate plus a spread of 212.1 basis points. This will be increased by a further spread of 25 basis points from 9 February 2033 and by an additional 75 basis points from 9 February 2048.
- Bond issued on 4 April 2024, for a total face amount of €850 million (€842.1 million net of related ancillary costs). This bond, which is non-callable for six years, has an issue price set at 99.745%, with a spread of 214.2 basis points over the Mid-Swap rate. It features a fixed annual coupon of 4.750%, which will be paid until the first reset date (not included) on 11 April 2030 and will have an effective rate of 4.800%. From this date, unless the bond has been redeemed early, the hybrid bond will pay interest at the 5-year Euro Mid-Swap rate, increased by an initial spread of 214.2 basis points, rising by a further 25 basis points from 11 April 2035 and by another 75 basis points from 11 April 2050.

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Share premium reserve, Cash flow hedge reserve and Other reserves – €786.3 million

The "Share premium reserve", "Cash flow hedge reserve" and "Other reserves" at 31 December 2025 amount to €786.3 million, having increased €10.2 million compared with 31 December 2024, broadly as a result of other comprehensive income. This reflects:

- fair value adjustments to the Parent Company's cash flow hedges (up €6.3 million, including the related hedging costs of -€0.4 million, after the related taxation);
- fair value adjustments to the value of financial assets represented by securities (up €2.1 million, after the related taxation);
- the change in actuarial gains and losses on provisions for employee benefits (up €0.3 million, after the related taxation).

They also include the change in the share-based payment reserve (up €1.5 million) relating to the incentive plan for Group employees.

Retained earnings and accumulated losses – €3,259.9 million

The increase in the item "Retained earnings/(accumulated losses)" during the year, amounting to €125.5 million, mainly relates to the allocation of the residual portion of net profit for the 2024 financial year (up €174.0 million), net of the distribution of the 2024 dividend by the Company (totalling €796.4 million), the recognition of interest accrued to holders of the hybrid green bond (down €64.1 million) and the related tax effect (up €15.4 million).

Interim dividend for 2025 and final dividend for 2024

On 13 November 2025, the Company's Board of Directors, having obtained the Independent Auditor's opinion required by article 2433-bis of the Italian Civil Code, decided to pay an interim dividend of 11.92 euro cents per share. The dividend was payable from 26 November 2025, with an ex-dividend date for coupon 43 on 24 November 2025. The dividend was paid to the holders of each ordinary share outstanding, with the exception of the amount payable on treasury shares held at the record date of 25 November 2025.
The Annual General Meeting of shareholders held on 21 May 2025 approved payment of a dividend for full-year 2024 of 39.62 eurocents per share, and the payment – before any withholdings required by law – of a final dividend of 27.70 eurocents per share (payable from 23 June 2025, with an ex-dividend date for coupon 42 of 23 June 2025), of which 11.92 eurocents paid in the form of an interim dividend payable from 20 November 2024.

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The individual components of equity at the end of the year are shown below, specifying their origin, availability and distributability.

(€/millions)

	31.12.2025	POTENTIAL USE	AVAILABLE AMOUNT
Share capital	**442.2**	**-**	**-**
Legal reserve:			
- equity instruments – Perpetual hybrid bonds	1,835.6	-	-
- other	416.1	A. B. C	416.1
Revenue reserves:			
- legal reserve	88.4	B	88.4
- actuarial gains (losses) on employee benefits, cash flow hedges and financial assets after taxation	23.8	-	-
- reserve for share-based payments (LTI Plan)	12.9	-	-
- negative reserve for treasury shares	(34.3)	-	-
- other	333.4	A. B. C	333.4
Retained earnings/(accumulated losses)	3,259.9	A. B. C	3,259.9
Interim dividend	(239.1)	A. B. C	-
TOTAL	**6,139.0**		

Key:
A – for capital increases
B – to cover losses
C – for distribution to shareholders

The available amount includes €491.5 million in untaxed revenue reserves.

21. Borrowings and financial liabilities

(€/millions)

	31.12.2025	31.12.2024	CHANGE
Bond issues	6,992.5	6,048.3	944.2
Bank borrowings	6,860.0	5,329.9	1,530.1
LONG-TERM BORROWINGS	**13,852.5**	**11,378.2**	**2,474.3**
Cash flow hedges	-	11.8	(11.8)
Fair value hedges	52.3	47.0	5.3
NON-CURRENT FINANCIAL LIABILITIES	**52.3**	**58.8**	**(6.5)**
SHORT-TERM BORROWINGS	**704.0**	**1,631.2**	**(927.2)**
Bond issues	579.9	499.5	80.4
Bank borrowings	177.4	165.7	11.7
CURRENT PORTION OF LONG-TERM BORROWINGS	**757.3**	**665.2**	**92.1**
CURRENT FINANCIAL LIABILITIES	**141.2**	**110.1**	**31.1**
TOTAL	**15,507.3**	**13,843.5**	**1,663.8**

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Borrowings and financial liabilities have increased by €1,663.8 million compared with the previous year to €15,507.3 million. The change primarily reflects:

- the increase in bond debt of €1,024.6 million, mainly due to bond issuances carried out by Terna totalling €1,500.0 million, partially offset by the repayment of a bond issue of €500 million in July 2025. The change also reflects fair value adjustments of these financial instruments;
- increase in bank borrowings of €1,541.8 million, following drawdowns of new loans totalling €1,701.0 million, net of repayments of instalments on existing EIB loans; The change also reflects fair value adjustments of these financial instruments;
- the decrease in the (negative) fair value of derivative financial instruments (€6.5 million), due to changes in the related portfolio and in the market interest rate curve;
- the decrease in short-term borrowings (€927.2 million), due to the repayment of short-term credit facilities and Commercial Paper;
- the increase in current financial liabilities (€31.1 million), relating to the recognition of accrued interest on financial instruments.

The official quotations of the bonds issued and listed on the Luxembourg Stock Exchange and on the Electronic Bond Market (MOT) managed by Borsa Italiana are detailed below, based on the latest quotation as at 31.12.2025 and 31.12.2024:

(€/millions)

	ISIN	PRICE AT 31 DECEMBER 2025	PRICE AT 31 DECEMBER 2024
Bond maturity 2025:	XS2033351995	-	98.53
Bond maturity 2026:	XS1371569978	99.83	98.14
Bond maturity 2026:	XS1980270810	99.65	97.99
Bond maturity 2027:	XS1652866002	98.53	96.81
Bond maturity 2027:	XS2536846236	101.46	101.19
Bond maturity 2028:	XS1503131713	95.76	94.02
Bond maturity 2029:	XS2357205587	91.96	89.43
Bond maturity 2029:	XS2607193435	102.39	102.57
Bond maturity 2030:	XS2237901355	88.57	85.82
Bond maturity 2031:	XS2748847204	101.66	101.66
Bond maturity 2031:	XS3128477521	98.90	-
Bond maturity 2032:	XS2209023402	84.94	83.82
Bond maturity 2032:	XS3003427872	99.47	-
Bond maturity 2033:	XS2655852726	102.74	103.41

External sources from BNP Paribas, Bloomberg and Morgan Stanley.

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Long-term borrowings

The table below shows movements in long-term debt during the year, including also the nominal amount:

(€/millions)

	31.12.2024			REIMBURSED AND CAPITALISED	DRAWDOWNS	OTHER	CHANGE CARRYING AMOUNT	31.12.2025		
	NOTIONAL DEBT	CARRYING AMOUNT	FAIR VALUE					NOTIONAL DEBT	CARRYING AMOUNT	FAIR VALUE
Bond maturing 2025	500.0	499.5	492.6	(500.0)	-	0.5	(499.5)	-	-	-
Private Placement 2026	80.0	79.8	78.5	-	-	0.2	0.2	80.0	80.0	79.9
Bond maturing 2026	500.0	499.5	489.9	-	-	0.4	0.4	500.0	499.9	498.3
Bond maturing 2027	1,000.0	991.3	968.1	-	-	3.3	3.3	1,000.0	994.6	985.3
Private Placement 2027	100.0	99.9	101.2	-	-	-	-	100.0	99.9	101.5
Bond maturing 2028	750.0	720.5	705.2	-	-	7.6	7.6	750.0	728.1	718.2
Bond maturing 750_2029	750.0	744.0	769.3	-	-	1.3	1.3	750.0	745.3	767.9
Bond maturing 2029	600.0	598.0	536.6	-	-	0.5	0.5	600.0	598.5	551.7
Bond maturing 2030	500.0	450.0	429.1	-	-	3.5	3.5	500.0	453.5	442.9
Bond maturing 2031	850.0	842.6	864.1	-	-	1.1	1.1	850.0	843.7	864.1
Bond maturing 2031	-	-	-	-	750.0	(5.2)	744.8	750.0	744.8	741.7
Bond maturing 2032	500.0	379.5	419.1	-	-	13.8	13.8	500.0	393.3	424.7
Bond maturing 2032	-	-	-	-	750.0	(3.0)	747.0	750.0	747.0	746.0
Bond maturing 2033	650.0	643.2	672.2	-	-	0.6	0.6	650.0	643.8	667.8
Total bond issues	**6,780.0**	**6,547.8**	**6,525.9**	**(500.0)**	**1,500.0**	**24.6**	**1,024.6**	**7,780.0**	**7,572.4**	**7,590.0**
Borrowings	5,609.5	5,484.8	5,484.8	(163.0)	1,701.0	1.0	1,539.0	7,147.5	7,023.8	7,023.8
Lease liabilities	10.8	10.8	10.8	(3.8)	-	6.6	2.8	13.6	13.6	13.6
Total borrowings	**5,620.3**	**5,495.6**	**5,495.6**	**(166.8)**	**1,701.0**	**7.6**	**1,541.8**	**7,161.1**	**7,037.4**	**7,037.4**
Total debt	**12,400.3**	**12,043.4**	**12,021.5**	**(666.8)**	**3,201.0**	**32.2**	**2,566.4**	**14,941.1**	**14,609.8**	**14,627.4**

At 31 December 2025, Terna had access to additional financing of €4,055.0 million, represented by two fully available revolving credit facilities, and a further €299.0 million relating to a bank loan entered into in 2025 and not yet fully utilised.

In addition, as provided for in IFRS 7, the table shows the fair value of borrowings and bond issues. In the case of bond issues, this is market value based on prices at the reporting date, whilst variable rate loans are measured by discounting expected cash flows based on the market interest rate curve at the reporting date.

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The following table shows an analysis of bond issues and other borrowings by maturity, showing the related short-term portions.

(€/millions)

	MATURITY	31.12.2024*	31.12.2025*	PORTION FALLING DUE WITHIN 12 MONTHS	PORTION FALLING DUE AFTER 12 MONTHS	2027	2028	2029	2030	2031	AFTER	OTHER**	AVERAGE INTEREST RATE AT 31 DECEMBER 2025	AVERAGE INTEREST RATE AFTER HEDGES AT 31 DECEMBER 2025
Bonds	2025	499.5	-	-	-	-	-	-	-	-	-	-		
	2026	499.5	499.9	500.0	-	-	-	-	-	-	-	(0.1)	1.00%	1.28%
	2026	79.8	80.0	80.0	-	-	-	-	-	-	-	-	1.60%	1.80%
	2027	991.3	994.6	-	1,000.0	1,000.0	-	-	-	-	-	(5.4)	1.38%	1.92%
	2027	99.9	99.9	-	100.0	100.0	-	-	-	-	-	(0.1)	3.44%	2.77%
	2028	720.5	728.1	-	750.0	-	750.0	-	-	-	-	(21.9)	1.00%	1.30%
	2029	598.0	598.5	-	600.0	-	-	600.0	-	-	-	(1.5)	0.38%	1.71%
	2029	744.0	745.3	-	750.0	-	-	750.0	-	-	-	(4.7)	3.63%	3.70%
	2030	450.0	453.5	-	500.0	-	-	-	500.0	-	-	(46.5)	0.38%	2.35%
	2031	842.6	843.7	-	850.0	-	-	-	-	850.0	-	(6.3)	3.50%	3.63%
	2031	-	744.8	-	750.0	-	-	-	-	750.0	-	(5.2)	3.00%	3.10%
	2032	379.5	393.3	-	500.0	-	-	-	-	-	500.0	(106.7)	0.75%	3.19%
	2032	-	747.0	-	750.0	-	-	-	-	-	750.0	(3.0)	3.13%	2.54%
	2033	643.2	643.8	-	650.0	-	-	-	-	-	650.0	(6.2)	3.88%	3.78%
EIB	2046	3,270.4	3,228.3	58.5	3,282.2	117.1	156.0	192.1	192.1	192.1	2,432.8	(112.4)	2.68%	3.04%
Total fixed rate		**9,818.2**	**10,800.7**	**638.5**	**10,482.2**	**1,217.1**	**906.0**	**1,542.1**	**692.1**	**1,792.1**	**4,332.8**	**(320.0)**		
EIB	2041	721.0	1,355.5	115.3	1,240.4	115.3	115.3	96.0	145.0	54.7	714.1	(0.2)	2.99%***	2.87%
Terna's borrowing	2029	1,498.5	2,445.8	-	2,451.0	-	-	1,500.0	201.0	-	750.0	(5.2)	2.98%***	2.92%
Total variable rate		**2,219.5**	**3,801.3**	**115.3**	**3,691.4**	**115.3**	**115.3**	**1,596.0**	**346.0**	**54.7**	**1,464.1**	**(5.4)**		
TOTAL		**12,037.7**	**14,602.0**	**753.8**	**14,173.6**	**1,332.4**	**1,021.3**	**3,138.1**	**1,038.1**	**1,846.8**	**5,796.9**	**(325.4)**		

* *The balance does not include prepaid fees of €5.8 million at 31 December 2025 and of €5.1 million at 31 December 2024.*
** *Includes portions measured at amortised cost and fair value adjustments at 31 December 2025.*
*** *This is the average of the rates fixed in the sub-periods*

(€/millions)

	31.12.2024	31.12.2025	PORTION FALLING DUE WITHIN 12 MONTHS	PORTION FALLING DUE AFTER 12 MONTHS
Operating leases	10.8	13.6	3.6	10.0
TOTAL	**10.8**	**13.6**	**3.6**	**10.0**

At 31 December 2025, payments on operating leases recognised in application of IFRS 16 amount to €3.8 million.
The total value of the Terna Group's borrowings at 31 December 2025 is €14,602.0 million (€753.8 million falling due within 12 months and €14,173.6 million falling due after 12 months net of portions measured at amortised cost and fair value adjustments), of which €5,796.9 million maturing after five years.

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The following table shows the reconciliation of net changes deriving from financing activities:

(€/millions)

	31.12.2024	CF CHANGES FOR FINANCING ACTIVITIES	CHANGE HAVING NO IMPACT ON CASH FLOW	31.12.2025
			IFRS 9 EFFECT	
Short-term financial liabilities	1,741.3	(948.4)	51.5	844.4
Long-term financial liabilities	12,032.6	2,538.0	25.6	14,596.2
Financial liabilities on leased assets	10.8	(3.8)	6.6	13.6
Current and non-current derivatives	57.6	10.8	(16.0)	52.4
Gross debt	**13,842.3**	**1,596.6**	**67.7**	**15,506.6**

Non-current financial liabilities – €52.3 million

(€/millions)

	31.12.2025	31.12.2024	CHANGE
Cash flow hedges	-	11.8	(11.8)
Fair value hedges	52.3	47.0	5.3
TOTAL	**52.3**	**58.8**	**(6.5)**

The item "Non-current financial liabilities", amounting to €52.3 million as at 31 December 2025, includes the fair value measurement of fair value hedge derivatives.

Fair value was measured by discounting the expected cash flows using the market yield curve at the reporting date. The decrease of 6.5 million euro, compared with 31 December 2024, is attributable to changes in the derivatives portfolio and in the market interest rate curve.

Short-term borrowings – €704.0 million

The item "Short-term borrowings", amounting to €704.0 million as at 31 December 2025, shows a decrease of €927.2 million compared with 31 December 2024, due to the repayment of short-term credit facilities and Commercial Paper.

Current financial liabilities – €141.2 million

(€/millions)

	31.12.2025	31.12.2024	CHANGE
DEFERRED LIABILITIES ON:			
Hedging derivatives	0.8	-	0.8
Bond issues	105.3	75.1	30.2
Borrowings	35.1	35.0	0.1
TOTAL	**141.2**	**110.1**	**31.1**

Current financial liabilities as at 31 December 2025, amounting to €141.2 million, increased by €31.1 million compared with 31 December 2024, mainly attributable to the net financial expenses accrued on bond borrowings and not yet settled (€30.2 million).

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Net debt

Pursuant to the CONSOB Communication of 28 July 2006 and in compliance with ESMA Recommendation no. 32-382-1138 of 2021, the Company's net debt is as follows:

(€/millions)

	31.12.2025
A. Cash	960.1
B. Cash and cash equivalents*	1,035.0
C. Other current financial assets**	753.5
D. Liquidity (A) + (B) + (C)	**2,748.6**
E. Current financial liabilities (including debt instruments, but excluding the current portion of non-current financial liabilities)	704.0
F. Current portion of non-current debt***	898.5
G. Current debt (D+E+F)	**1,602.5**
H. Net current debt (G) - (D)	**(1,146.1)**
I. Non-current financial liabilities (excluding the current portion and debt instruments)****	6,912.3
J. Debt instruments*****	6,991.8
K. Non-current net debt (I) + (J)	**13,904.1**
L. Net debt (H) + (K)	**12,758.0**

* *Corresponds to the item "Cash and cash equivalents" for the amount relating to deposits and short-term investments.*
** *Corresponds to the item "Current financial assets" for the amount relating to government securities (€631.4 million), readily liquid time deposits (€100.0 million), the loan to Altenia (€12.0 million) and accrued interest income (€10.1 million).*
*** *Corresponds to the item "Current portion of long-term borrowings" for the short-term portion of long-term borrowings (€173.8 million), the current portion of bond debt (€579.9 million) and the current portion of lease liabilities (€3.6 million), as well as to the item "Current financial liabilities".*
**** *Corresponds with the item, "Long-term borrowings" relating to the value of borrowings (€6,850.0 million) and the long-term portion of lease liabilities (€10.0 million) and "Non-current financial liabilities" relating to the value of derivative liabilities (€52.3 million).*
***** *Corresponds to the item "Long-term borrowings" for the value of bond borrowings (€6,992.5 million) and to the item "Non-current financial assets" for the value of derivative assets relating to bonds (down €0.7 million).*

Information on the provisions in outstanding loan agreements at 31 December 2025 is provided in the notes to the consolidated financial statements.

22. Employee benefits – €11.1 million

Terna provides its employees with benefits during their period of employment (loyalty bonuses), on termination of employment (TFR, energy discounts, additional months' pay) and after termination in the form of post-employment benefits (ASEM health cover).
Loyalty bonuses are payable to the Company's employees and senior managers once certain requirements have been met regarding length of service (on completing 25 and 35 years of service).
Termination benefits (TFR) are payable to all employees, whilst employees hired by 30 June 1996 receive energy discounts, and employees (blue-collar workers, office staff and middle managers) employed prior to 24 July 2001 are due additional months' pay on termination.
Post-employment benefits consist of a form of supplementary health cover in addition to that provided by the Italian national health service, as provided for in the national collective contract for industrial managers (the ASEM health plan).

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The following table shows the composition of provisions for TFR and other employee benefits and movements during the year ended 31 December 2025:

(€/millions)

	31.12.2024	PROVISIONS	INTEREST COST	WITHDRAWALS	OTHER MOVEMENTS	ACTUARIAL GAINS/ (LOSSES)	31.12.2025
Benefits during the period of employment							
Loyalty bonuses	0.9	-	-	-	-	-	0.9
Total	**0.9**	**-**	**-**	**-**	**-**	**-**	**0.9**
Termination benefits							
Deferred compensation benefits (TFR)	3.6	-	0.1	(0.3)	-	(0.1)	3.3
Energy discounts	0.1	-	-	-	0.1	-	0.2
Additional months' pay	0.4	-	-	-	-	-	0.4
Total	**4.1**	**-**	**0.1**	**(0.3)**	**0.1**	**(0.1)**	**3.9**
Post-employment benefits							
ASEM health plan	6.2	0.3	0.2	-	-	(0.3)	6.3
Total	**6.2**	**0.3**	**0.2**	**-**	**-**	**(0.3)**	**6.3**
Total	**11.2**	**0.3**	**0.3**	**(0.3)**	**0.1**	**(0.4)**	**11.1**

The item, amounting to €11.1 million, shows a decrease of €0.1 million compared with 31 December 2024, mainly attributable to a net decrease of €0.2 million relating to employee severance indemnities (TFR), partially offset by a net increase in ASEM.
The following table shows the current service cost and interest income and expense.

(€/millions)

	SEVERANCE INDEMNITY	ASEM HEALTH PLAN	TOTAL
Net impact recognised in profit or loss			
- current service cost	-	0.3	0.3
- interest income and expense	0.1	0.2	0.3
TOTAL RECOGNISED IN PROFIT OR LOSS	**0.1**	**0.5**	**0.6**

Revaluation of the net liability for employee benefits is shown in the following table, which provides details of the type of actuarial gain or loss recognised in other comprehensive income.

(€/millions)

	SEVERANCE INDEMNITY	ASEM HEALTH PLAN	TOTAL
Actuarial gains/(losses)			
- based on past experience	-	0.2	0.2
- due to changes in discount rate	(0.1)	(0.5)	(0.6)
TOTAL IMPACT ON COMPREHENSIVE INCOME	**(0.2)**	**(0.2)**	**(0.4)**

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Finally, the following tables show the main actuarial assumptions applied, a sensitivity analysis of movements in the assumptions and the payment schedule for the plan. In line with 2024, the interest rate used to determine the present value of the obligation was calculated on the basis of the yield on the Iboxx Eurozone Corporates AA index at 31 December 2025, matching the duration of the relevant group of plan participants.

	LOYALTY BONUSES	TFR	ADDITIONAL MONTHS' PAY	ENERGY DISCOUNTS	ASEM HEALTH PLAN
Discount rate	3.96%	3.37%	3.09%	3.37%	3.96%
Inflation rate	2.00%	2.00%	-	-	2.70%
Duration (in years)	18.51	5.89	1.98	4.69	13.32

(€/millions)

	LOYALTY BONUSES	TFR	ADDITIONAL MONTHS' PAY	ENERGY DISCOUNTS	ASEM HEALTH PLAN	TOTAL
Discount rate +0.25%	0.9	3.3	0.5	0.2	6.0	**10.9**
Discount rate -0.25%	0.9	3.4	0.5	0.2	6.4	**11.4**
Inflation rate +0.25%	0.9	3.4	-	-	-	**4.3**
Inflation rate -0.25%	0.9	3.3	-	-	-	**4.2**
Annual rate of increase in health costs +3%	-	-	-	-	6.3	**6.3**
Annual rate of increase in health costs -3%	-	-	-	-	6.1	**6.1**

(€/millions)

	LOYALTY BONUSES	TFR	ADDITIONAL MONTHS' PAY	ENERGY DISCOUNTS	ASEM HEALTH PLAN	TOTAL
By the end of 2025	0.0	0.8	0.3	0.1	0.3	**1.5**
By the end of 2026	0.0	0.1	-	-	0.3	**0.4**
By the end of 2027	0.0	0.3	0.1	-	0.4	**0.8**
By the end of 2028	0.1	0.4	-	-	0.4	**0.9**
By the end of 2029	0.0	0.3	-	-	0.5	**0.8**
After 5 years	0.8	1.4	-	0.1	4.4	**1.5**
TOTAL	**0.9**	**3.3**	**0.4**	**0.2**	**6.3**	**11.1**

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23. - Provisions for risks and charges – €165.9 million

(€/millions)

	PROVISIONS FOR LITIGATION AND DISPUTES	SUNDRY PROVISIONS FOR RISKS AND CHARGES	PROVISIONS FOR EARLY RETIREMENT INCENTIVES	TOTAL
Amount at 31 December 2024	**9.7**	**71.4**	**39.3**	**120.4**
Provisions	2.8	55.2	8.7	66.7
Amounts utilised	(0.7)	(8.8)	(6.8)	(16.3)
Other movements	(4.6)	(0.8)	0.5	(4.9)
Amount at 31 December 2025	**7.2**	**117.0**	**41.7**	**165.9**

Provisions for litigation and disputes – €7.2 million

These provisions, set aside to cover outstanding liabilities that, at the end of the year, could result from court judgements and out-of-court settlements regarding the activities of Group companies, have been assessed partly on the basis of recommendations from internal and external legal advisors. The balance as at 31 December 2025, amounting to €7.2 million, mainly includes provisions for litigation relating to damages arising from operations and maintenance activities, claims for easement indemnities, and employment and social security disputes, and shows a net decrease of €2.5 million compared with the previous year due to higher utilisations and other movements recognised during the period.

Provisions for sundry risks and charges – €117.0 million

These provisions amount to €117.0 million at 31 December 2025 and essentially regard liabilities associated with urban and environmental restoration projects, regulation of the quality of the electricity service, staff incentive plans, right-of-way fees and tax-related aspects.

Compared with the previous year, the provisions are up by a net €45.6 million, reflecting:

- net provisions referring to right-of-way fees (€8.5 million);
- provisions of €12.5 million for site remediation and restoration costs relating to the decommissioning of certain plants;
- tax provisions (€20.8 million);
- net provisions of €4.0 million relating to the fund for urban and environmental redevelopment projects.

Provisions for early retirement incentives – €41.7 million

Provisions for early retirement incentives reflects the estimated extraordinary expenses to be incurred in relation to the cost of the scheme for the year, linked to the early retirement of the Company's employees who have reached pensionable age and where the Company has an obligation. This item has increased by a net €2.4 million, reflecting payments in coming years in relation to the existing plan for generational turnover.

24. Other non-current liabilities – €575.4 million

This item, amounting to €575.4 million at 31 December 2025, regards the amount payable to Terna Rete Italia S.p.A., resulting from the transfer of net liabilities included in the operations leased to this subsidiary (€21.8 million), accrued grants related to assets receivable (€54.0 million) and the Interconnector Guarantee Fund (€204.2 million) set up by the 2016 Stability Law, in order to fund investment in interconnections by art. 32 of Law 99/09. It also includes security deposits received from operators participating in the capacity market pursuant to Resolution no. 98/2011/R/eel (€229.5 million) and in the electricity storage capacity procurement mechanism (MACSE – Legislative Decree 210/21) (€65.9 million).

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The increase in the item, amounting to €121.8 million compared with the previous year, is mainly attributable to higher security deposits received from operators participating in the capacity market pursuant to Resolution no. 98/2011/R/eel and subsequent amendments (up €40.4 million), the increase in the Interconnector guarantee fund (up €21.4 million), and the aforementioned recognition of security deposits received from operators participating in the MACSE mechanism (up €65.9 million).

25. Current liabilities

(€/millions)

	31.12.2025	31.12.2024	CHANGE
Short-term borrowings*	704.0	1,631.2	(927.2)
Current portion of long-term borrowings*	757.3	665.2	92.1
Trade payables	4,406.0	3,565.6	840.4
Tax liabilities	28.8	90.5	(61.7)
Current financial liabilities*	141.2	110.1	31.1
Other current liabilities	865.6	657.8	207.8
TOTAL	**6,902.9**	**6,720.4**	**182.5**

(*) Information on these items is provided in note 22. Borrowings and financial liabilities

Trade payables – €4,406.0 million

(€/millions)

	31.12.2025	31.12.2024	CHANGE
Trade payables:			
- Energy-related payables	2,222.4	2,199.5	22.8
- Non-energy-related payables	236.8	151.7	85.1
Non-energy-related payables due to subsidiaries	1,944.4	1,212.9	731.5
Amounts due to associates	1.7	0.7	1.0
Current liabilities arising from contracts with customers	0.7	0.7	-
TOTAL	**4,406.0**	**3,565.5**	**840.5**

Trade payables

Energy payables – €2,222.4 million

The increase in this line item of €22.8 million compared with the balance at the end of the 2024 financial year is mainly attributable to:

- an increase in debt exposure related to the Capacity Market (€82.3 million) due to higher costs incurred during the period;
- an increase in payables relating to units essential for the security of the electricity system (UESS) (€73.9 million), due to lower payments made in 2025 for the reimbursement of costs determined by ARERA to plant operators[43];
- higher payables related to the extraordinary modulation service (€72.9 million), due to charges arising from balancing adjustments to be settled with service providers in the early months of 2026;
- a decrease in payables (€140.8 million) relating to costs within the balancing and redispatching market (MBR);
- a reduction in payables (€24.1 million) linked to the procurement of resources under the ITC (Inter-TSO Compensation) mechanism.

[43] ARERA ordered payments to Essential Unit owners through resolutions nos. 17-36-49-84-96-108-135-208-230-256-257-273-291-318-319-327-342-431-432-446-453-465-472-473-474-483-484-494-510-530-531-540-541/2025.

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Non-energy items – payables: €236.8 million
The exposure to suppliers regards invoices received and to be received for contract work, services and purchases of materials and equipment.
The increase compared with the previous year (up €85.1 million) is largely due to an increase in activity towards the end of the year.

Non-energy-related payables due to subsidiaries
This item, totalling €1,944.4 million, is up €731.5 million compared with the previous year, primarily due to the increased amount payable to Terna Rete Italia S.p.A. (up €747.3 million) as a result of the greater volume of capital expenditure carried out towards the end of the year, compared with the same period of 2024.

Amounts due to associates
The item, amounting to €1.7 million, shows an increase of €1.0 million compared with the same figure for the previous year, mainly due to higher payables to the associate CORESO S.A., relating to services received in connection with technical and operational coordination activities supporting the assessment of the adequacy of the electricity system.

Commitments undertaken by the Company towards suppliers amount to approximately €322.7 million and relate to purchase commitments arising from the ordinary operating cycle planned for the 2024-2028 plan.

Tax liabilities – €28.8 million
The item, amounting to €28.8 million as at 31 December 2025, shows a decrease of €61.7 million compared with the balance as at 31 December 2024, due to the net effect of the recognition of current taxes, the settlement of taxes relating to the previous year and higher advance payments made during the year.

Other current liabilities – €865.6 million

(€/millions)

	31.12.2025	31.12.2024	CHANGE
Prepayments	542.9	327.2	215.7
Other tax liabilities	3.2	91.3	(88.1)
Social security payables	12.2	10.8	1.4
Amounts due to subsidiaries	9.6	6.0	3.6
Amounts due to personnel	23.2	24.3	(1.1)
Other payables due to third parties	274.5	198.2	76.3
TOTAL	**865.6**	**657.8**	**207.8**

Prepayments
This item (€542.9 million) regards grants related to assets collected by the Company to fund the construction of non-current assets in progress at 31 December 2025.
Compared with the balance at 31 December 2024 (€327.2 million), the balance is up €215.7 million, essentially due to the impact of grants deducted directly from the carrying amount of the related assets, totalling €43.0 million, and new prepayments from third parties.

Other tax liabilities
Other tax liabilities, amounting to €3.2 million, regard withholding tax payable on salaries paid at the end of the year, in addition to the balance of the Group's VAT at the end of the year.
The item shows a decrease of €88.1 million, mainly due to a lower VAT liability recognised as at 31 December 2025 (down €88.2 million), resulting from the exit of the parent company, Terna S.p.A., from the Split Payment regime starting from July 2025.

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Social security payables

Social security payables, essentially relating to employee contributions payable to INPS (the National Institute of Social Security), stood at €12.2 million. This item increased by €1.4 million over the previous year, mainly due to an increase in contributions regarding early retirement incentives (up €0.5 million).

Amounts due to personnel

Amounts due to personnel, amounting to €23.2 million, primarily regard:

- staff incentives and early retirement incentives payable in the subsequent year (€16.0 million);
- amounts due to employees in the form of accrued and unused annual leave and bank holiday entitlements (€5.6 million).

The decrease compared with the previous year, amounting to €1.1 million, is mainly attributable to lower payables relating to corporate welfare initiatives accrued in the previous year and settled during the period (down €0.9 million).

Amounts due to subsidiaries

Payables to subsidiaries, amounting to €9.6 million, relate exclusively to amounts due to Terna Energy Solutions S.r.l. in connection with commercial activities relating to fibre optic services.
The item shows an increase compared with 31 December 2024 (up €3.6 million), mainly attributable to the recognition of fees relating to the maintenance of new IRU (Indefeasible Right of Use) routes that entered into operation during the year.

Other payables due to third parties

Other payables to third parties, amounting to €274.5 million, mainly relate to security deposits (€245.8 million) received from electricity market operators as collateral for contractual obligations under dispatching and virtual interconnection contracts, and to deferred income (€18.6 million), primarily relating to the non-regulated business.
The increase of €76.3 million compared with 31 December 2024 is mainly attributable to higher security deposits collected during the year (€65.0 million) and higher deferred income (€8.4 million).

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E. Commitments and risks

Risk management

In the course of its operations, Terna is exposed to different financial risks: market risk, liquidity risk and credit risk. This section provides information regarding the Terna's exposure to all the above risks, along with a presentation of the objectives, policies and processes for managing those risks and the methods used to assess them, with further quantitative disclosures concerning the separate financial statements for 2025.
Terna's risk management policies are aimed at identifying and analysing the risks to which the Company is exposed, establishing appropriate limits and controls, and monitoring risks and compliance with such limits. These policies and the related systems are reviewed on a regular basis, in order to take account of any changes in market conditions or in the Company's operations.
As a part of the financial risk management policies approved by the Board of Directors, Terna S.p.A. has established the responsibilities and operating procedures for financial risk management, specifically as concerns the instruments to be used and the precise operating limits to apply in managing them.

The following table shows financial statement items exposed to the above risks.

(€/millions)

	31.12.2025			31.12.2024		
	RECEIVABLES AT AMORTISED COST	FAIR VALUE	TOTAL	RECEIVABLES AT AMORTISED COST	FAIR VALUE	TOTAL
Assets						
Derivative financial instruments	-	0.7	-	-	-	-
Cash on hand, securities and deposits	2,095.1	631.4	2,726.5	2,615.3	226.5	2,841.8
Trade receivables	2,906.7	-	2,906.7	2,936.1	-	2,936.1
TOTAL	**2,095.1**	**632.1**	**2,726.5**	**5,551.4**	**226.5**	**5,777.9**

(€/millions)

	31.12.2025			31.12.2024		
	RECEIVABLES AT AMORTISED COST	FAIR VALUE	TOTAL	RECEIVABLES AT AMORTISED COST	FAIR VALUE	TOTAL
Liabilities						
Long-term debt	15,313.8	-	15,313.8	13,674.6	-	13,674.6
Derivative financial instruments	-	52.3	52.3	-	58.8	58.8
Trade payables	4,411.8	-	4,411.8	3,565.6	-	3,565.6
TOTAL	**15,313.8**	**52.3**	**15,366.1**	**17,240.2**	**58.8**	**17,299.0**

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument may fluctuate as a result of changes in financial market conditions. Market risk mainly includes interest rate risk and exchange rate risk.
Risk management must be performed with the objective of minimising the related risks by selecting counterparties and instruments compatible with the Company's Risk Management Policy. Speculative activity is not part of the Company's activities.
The Terna Group seeks to adopt a dynamic approach to financial risk management. This approach is characterised by risk aversion, aimed at minimising risk through continuous monitoring of financial markets in order to obtain new financing and conclude hedging transactions in favourable market conditions. The dynamic approach enables the Group to

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intervene in order to improve existing hedges should there be a change in market conditions or changes in the hedged item, making the hedges inappropriate or excessively costly.

The fair value of financial instruments is determined in accordance with the fair value hierarchy envisaged under IFRS 7 (Level 2), by means of appropriate valuation techniques for each category of financial instrument, using market data at the closing date (such as interest rates, exchange rates and volatility) and discounting projected cash flows on the basis of the market yield curve at the reporting date.

Interest rate risk

Interest rate risk is represented by the uncertainty associated with interest rate fluctuations. This is the risk that a change in market interest rates may produce effects on the fair value or future cash flows of financial instruments.
In the course of its operations, Terna is exposed to the risk of fluctuations in interest rates. Its main source of interest rate risk is associated with its borrowings and the related hedges in the form of derivative instruments that generate financial expenses. Terna's borrowing strategy focuses on long-term borrowings, whose term reflects the useful life of the Company's assets. It pursues an interest rate risk hedging policy that aims to guarantee that the percentage of debt represented by fixed rate liabilities is at least 40%, as provided for in the relevant policies. At year-end 2025, fixed-rate debt accounts for 78% of total debt.
At 31 December 2025, interest rate risk is hedged by cash flow hedges, which hedge the risk connected with movements in interest rates relating to long-term borrowings.
Below are the notional amounts and fair values of the derivative financial instruments entered into by Terna:

(€/millions)

	31.12.2025		31.12.2024		CHANGE	
	NOTIONAL	FAIR VALUE	NOTIONAL	FAIR VALUE	NOTIONAL	FAIR VALUE
Fair value hedges	1,400.0	(52.3)	950.0	(47.0)	450.0	(5.3)
Cash flow hedges	1,368.5	0.7	1,886.6	11.8	(518.1)	(11.1)

The notional amount of outstanding cash flow hedges at 31 December 2025, amounting to €1,368.5 million, breaks down as follows:

- €518.5 million (fair value loss of €0.3 million) maturing 2027;
- €650.0 million (fair value loss of €5.5 million) maturing 2029;
- €100.0 million (fair value gain of €2.7 million) maturing 2033;
- €100.0 million (fair value gain of €3.8 million) maturing 2035;

The notional amount of fair value hedges at 31 December 2025, amounting to €1400.0 million, breaks down as follows:

- €850.0 million (fair value loss of €44.2 million) maturing 2030;
- €150.0 million (fair value loss of €0.7 million) maturing 2045;
- €400.0 million (fair value loss of €7.3 million) maturing 2046.

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Sensitivity to interest rate risk

Terna has floating-to-fixed interest rate swaps in place to manage the risk of movements in interest rates.
Since the hedging relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge, as verified initially and periodically over its life, is high, the Company has elected to use hedge accounting to ensure a perfect match between the maturities of the hedge and the hedged item. The aim of hedge accounting is to recognise the effects of the hedges and the hedged items in profit or loss at the same time.
As a result:

- in the case of fair value hedges, changes in the fair value of the hedged item, attributable to the hedged risk, must be accounted for in the income statement, where they are offset against changes in the fair value of the derivative;
- in the case of cash flow hedges, changes in the fair value of the derivative must be recognised in "Other comprehensive income" (in equity, recognising any ineffective portion immediately through the income statement) and then recycled through profit or loss in the same period in which the cash flows of the hedged instrument materialise.

The following table reports the amounts recognised through profit or loss and in "Other comprehensive income" for positions that are sensitive to changes in interest rates, in addition to the theoretical value of the positions following a positive or negative shift in the yield curve and the differential impact of such changes recognised through profit or loss and in "Other Comprehensive Income". A hypothetical 10% movement in interest rates with respect to market interest rates at the reporting date was assumed:

(€/millions)

	PROFIT OR LOSS			OCI		
	CURRENT RATES +10%	CURRENT AMOUNTS	CURRENT RATES -10%	CURRENT RATES +10%	CURRENT AMOUNTS	CURRENT RATES -10%
31.12.2025						
Positions sensitive to interest rate variations (FVHs, bond issues, CFHs)	(1.1)	**(1.2)**	(1.3)	24.7	**13.4**	1.9
Hypothetical change	0.1	-	(0.1)	11.3	-	(11.5)
31.12.2024						
Positions sensitive to interest rate variations (FVHs, bond issues, CFHs)	(0.2)	**(0.6)**	(1.0)	(4.8)	**(29.1)**	(53.8)
Hypothetical change	0.4	-	(0.4)	24.3	-	(24.8)

Regulators globally have initiated reforms of IBORs (Interbank Offered Rates) to strengthen the reliability and robustness of benchmark rates. The transition from EONIA to €STR, completed in 2022, did not result in significant impacts. EURIBOR continues to be used as the main benchmark in the euro area and, following methodological reforms implemented by EMMI (European Money Markets Institute) and completed in 2024, is fully compliant with the Benchmark Regulation (BMR). The market therefore operates in a multi-rate environment (€STR and EURIBOR). The Group continues to closely monitor market developments and related regulatory changes. Management is aware of the associated risks and, for this reason, the Group plans to complete the transition in step with the change in the related legislation. At the same time, all new financial contracts include fallback clauses consistent with market best practices, as a necessary measure to address potential future regulatory changes or benchmark disruptions.

Inflation risk

Regarding inflation risk, the rates established by the regulator to provide a return on Terna S.p.A.'s activities are determined so as to cover the allowed costs. Such cost components are updated on an annual basis to take into account the impact of inflation.

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Exchange rate risk

The management of exchange rate risk must aim to protect a company's earnings from the risk of currency fluctuations by keeping a close eye on market movements and constantly monitoring the existing exposures. In managing this risk, Terna from time to time selects hedging instruments with structures and durations matching the Company's exchange rate exposure. The instruments used by Terna are of limited complexity, highly liquid and easy to price, such as forwards and options. Such contracts have a notional amount and maturity date less than or equal to that of the underlying financial liability, or the expected cash flows, so that any change in the fair value and/or estimated cash flows deriving from a rise or fall in the euro against other currencies is fully offset by a corresponding change in the fair value and/or estimated cash flows of the underlying position.
At 31 December 2025, the component of financial instruments associated with exchange rate risk is zero.

Liquidity risk

Liquidity risk is the risk that Terna might encounter difficulty in discharging its obligations in respect of its financial liabilities and operating cycle. Liquidity risk management seeks to ensure adequate coverage of borrowing requirements by obtaining adequate credit lines and appropriate management of any surplus liquidity.
As at 31 December 2025, Terna has available short-term credit facilities of approximately €791.5 million (out of total facilities of €1,101.5 million), revolving credit facilities of €4,055.0 million (out of a total of €4,305.0 million) and a bank loan of €299.0 million. Finally, Terna S.p.A. has launched a Euro Commercial Paper Programme (ECP), amounting to up to €2,000 million, including €1,605.0 million still available at 31 December 2025.

Credit risk

Credit risk is the risk a customer or one of the counterparties to a transaction in financial instruments could cause a financial loss by failing to discharge an obligation. It is mainly generated by the Company's trade receivables and financial investments.
The credit risk originated by open positions on transactions in derivatives is considered to be marginal since the counterparties, in compliance with the financial risk management policies adopted, are leading international banks with high ratings.
Terna provides its services essentially to counterparties considered solvent by the market, and therefore with a high credit standing, and does not have high concentrations of credit risk.
Credit risk management is driven by the provisions of ARERA Resolution no. 111/06, which, in art. 49, introduced instruments designed to limit the risks related to the insolvency of dispatching customers, both on a preventive basis and in the event of an actual insolvency. In particular, the Resolution establishes three instruments to safeguard the electricity market: a guarantee system (bank guarantees provided by individual dispatching customers, based on their turnover); the option of terminating dispatching contracts (in the event of insolvency or failure to replace enforced guarantees); and, finally, the possibility of recovering uncollected debts, after having taken all other possible collection actions, through a specific fee to be fixed by the regulator.
The following table summarises the exposure to such risk at the reporting date:

(€/millions)

	31.12.2025	31.12.2024	CHANGE
Derivative financial instruments	0.7	-	0.7
Cash on hand, securities and deposits	2,726.4	2,841.8	(115.4)
Trade receivables	2,906.7	2,936.1	(29.4)
TOTAL	**5,633.8**	**5,777.9**	**(144.1)**

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The total value of the exposure to credit rate risk at 31 December 2025 is represented by the carrying amount of trade receivables, cash and cash equivalents, securities and deposits and cash flow hedges.

The following tables provide qualitative information on trade receivables regarding the geographical distribution and type of customer.

GEOGRAPHICAL DISTRIBUTION

(€/millions)

	31.12.2025	31.12.2024
Italy	2,675.2	2,612.6
Euro-area countries	219.5	309.4
Other countries	12.0	14.1
Total	**2,906.7**	**2,936.1**

CUSTOMER TYPE

(€/millions)

	31.12.2025	31.12.2024
Distributors	632.1	682.0
CSEA	102.3	34.5
Dispatching customers for injections	701.3	465.9
Dispatching customers for withdrawals	1,392.1	1,673.5
Parties which have signed virtual import contracts and virtual import services (interconnectors and shippers)	10.8	12.2
Sundry receivables	68.1	68.0
Total	**2,906.69**	**2,936.1**

The following table breaks down customer receivables by due date, reporting any potential impairment:

(€/millions)

	31.12.2025		31.12.2024	
	IMPAIRMENT	GROSS	IMPAIRMENT	GROSS
Current	(0.4)	2,834.5	(0.4)	2,855.9
0-30 days past due	-	(1.3)	-	3.1
31-120 days past due	-	1.6	(0.2)	6.3
Over 120 days past due	(79.6)	151.9	(78.3)	149.8
Total	**(80.0)**	**2,986.7**	**(78.9)**	**3,015.1**

Movements in the trade receivables allowance for doubtful accounts in the course of the year were as follows:

(€/millions)

	31.12.2025	31.12.2024
Balance at 1st January	(78.9)	(23.5)
Release of provisions (P&L)	0.1	18.9
Use of provisions	0.7	-
Provisions pursuant to Resolution no. 5/2024	(1.4)	(73.6)
Impairments for the year	(0.4)	(0.7)
Balance at 31 December	**(80.0)**	**(78.9)**

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During the period, an impairment loss of €1.4 million was recognised in respect of dispatching receivables that could not be recovered and in respect of which an application for compensation was submitted, as pursuant to ARERA Resolution no. 5/2024.

The value of guarantees received from eligible electricity market operators is illustrated below:

(€/millions)

	31.12.2025	31.12.2024
Dispatching (TIDE)	2,739.1	1,965.9
Transmission charges due from distributors	480.1	426.8
Virtual imports	209.1	125.4
Capacity market	274.2	197.1
Balance	**3,702.5**	**2,715.2**

In view of the start of the consolidation phase of TIDE, scheduled for 1 February 2026, the new BRP (Balance Responsible Party) and BSP (Balancing Service Provider) contracts will enter into force. Consequently, the guarantees associated with the current dispatching contracts for withdrawals and injections, which are being phased out, will need to be replaced by a new single guarantee for each counterparty. This guarantee will be comprehensive in nature, will cover all new BRP and BSP contracts, and will be centrally monitored by Terna.
Non-regulated Activities are exposed to "counterparty risk", in particular in relation to the entities with which sales contracts are entered into, in consideration of the credibility and solvency of the parties in question and the impact that their possible insolvency could have on the financial strength of the business. Counterparty risk is mitigated by implementing special procedures to assess counterparties, measuring operating, financial and reputational aspects of the counterparties in question.

Default risk and debt covenants

This risk relates to the possibility that financing agreements or bond terms and conditions entered into by the Company may include provisions which, upon the occurrence of specific events, entitle counterparties to require the borrower to immediately repay the amounts advanced, thereby giving rise to liquidity risk. More information on the aforesaid contract provisions set out in financial contracts in place at 31 December 2025, is provided under "Borrowings and financial liabilities" in the notes to Terna S.p.A.'s consolidated financial statements.

Parent company guarantees issued on behalf of subsidiaries

The Company has issued parent company guarantees in favour of third parties to secure contractual and/or tax obligations undertaken by its subsidiaries, with a maximum exposure as at 31 December 2025 of €1,053.0 million, broken down as follows: €1.5 million for Terna Interconnector S.r.l., €985.1 million for Terna Rete Italia S.p.A., €57.7 million for Rete S.r.l., €4.1 million for Terna Energy Solutions S.r.l., €1.0 million for Terna Plus S.r.l. and €3.6 million for Altenia S.r.l.

Bank and Insurance Guarantees

The amount of bank and insurance guarantees issued to third parties on behalf of Group companies as at 31 December 2025 is €230.2 million, broken down as follows: €60.4 million on behalf of Terna S.p.A., €118.5 million on behalf of Terna Rete Italia S.p.A., €0.1 million on behalf of Terna Plus S.r.l., €19.9 million on behalf of Terna Interconnector S.r.l., €0.8 million on behalf of Terna Energy Solutions S.r.l., €0.1 million on behalf of Rete S.r.l., €4.3 million on behalf of Terna Perù S.A.C., and €26.1 million on behalf of Altenia S.r.l.

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Litigation and contingent liabilities

Below is a description of the main commitments and risks relating to the Company not disclosed in the statement of financial position at and for the year ended 31 December 2025, the outcome thereof being identified as possible.

Contingent liabilities relating to the validity of authorisations for the construction and operation of plants

Contingent liabilities associated with plants owned by the Company, arising from legal actions brought before the competent Administrative Courts seeking the annulment of the measures authorising the construction and operation of such plants, may give rise to costs that are difficult to quantify.

Litigation relating to activities carried out under concession

As the operator of transmission and dispatching activities since 1 November 2005, the Parent Company has been a party in several court cases, contesting determinations adopted by ARERA (Italy's Regulatory Authority for Energy, Networks and the Environment), and/or the Ministry of Enterprises and Made in Italy, and/or Terna itself, in relation to these activities. In cases in which the plaintiffs have, in addition to inherent defects in the contested determinations, alleged violation of the regulations laid down by the aforementioned authorities, or in cases in which the determination has had an impact on Terna, the Company has also taken action to defend its interests through the legal system. Within the scope of such litigation – even though some cases have been concluded, at first and/or second instance, with the annulment of ARERA's resolutions and, when applicable, of the consequent determinations adopted by Terna – any negative outcomes for the Company itself may be deemed unlikely, as these disputes normally relate to pass-through items.

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F. Business combinations

Acquisition of Rete 2 S.r.l.

On 30 September 2025, Terna S.p.A. completed the acquisition of 100% of Rete 2 S.r.l., a company operating in the electricity transmission sector. The company is remunerated through returns on specific assets of the National Transmission Grid owned by it, including:

- the Cinecittà substation (9 bays, 220 kV);
- the Magliana substation (8 bays, 150 kV);
- the Smistamento Est substation (12 bays, 150 kV);
- an ATR transformer at the Cinecittà substation (220/150 kV);
- 481 km of transmission lines, with a total of 97 new technical sites.

The accounting effects of the business combination are summarised in the table below. Specifically, this summarises the amount of assets acquired and liabilities assumed recognised at the acquisition date:

Amount of assets acquired and liabilities assumed as at 30 September 2025

(€/thousands)

	FAIR VALUE
ASSETS	
Fixed assets	
Property, plant and equipment	132,929
Deferred tax assets	7,550
Total fixed assets	**140,479**
Current assets	
Liquid assets	10
Total Current Assets	**10**
TOTAL ASSETS	**140,489**
LIABILITIES	
Non-current liabilities	
Employee benefits	578
Total non-current liabilities	**578**
Current liabilities	
Other liabilities	142
Total current liabilities	**142**
TOTAL LIABILITIES	**720**
NET ASSETS ACQUIRED	**139,769**

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G. Related party transactions

Given that Terna S.p.A. is subject to the de facto control of Cassa Depositi e Prestiti S.p.A. (registered office at Via Goito 4, 00185 Rome, Italy and consolidated financial statements available on the website at www.cdp.it), a situation ascertained in 2007, related party transactions entered into by Terna during the year include transactions with the subsidiaries, the associates (Cesi S.p.A., Coreso S.A. and CGES) and employee pension funds (Fondenel and Fopen), as well as transactions with Cassa Depositi e Prestiti itself, with CDP Reti S.p.A. and with the companies directly or indirectly controlled by the Ministry of the Economy and Finance ("MEF").
Given that Terna S.p.A. and the above companies meet the definition for classification as "government-related entities", in accordance with IAS 24 – Related Party Disclosures, the Company has elected to adopt the partial exemption – permitted by the standard – from the disclosure requirements in respect of other companies controlled, influenced or jointly controlled by the same government entity. The remainder of this section provides qualitative and quantitative disclosures on transactions with government-related entities having a significant impact on the Company's results. Amounts relating to pass-through items are not included in these disclosures.
Related party transactions in 2025 broadly regard the provision of services in the course of ordinary activities and conducted on an arm's length basis.
Under the Terna Group's current organisational structure, the subsidiary, Terna Rete Italia S.p.A., which has entered into an agreement with the Company covering the lease of certain operations and a number of related intercompany agreements. In accordance with these arrangements, the subsidiary is responsible for the traditional activities involved in operation and routine and extraordinary maintenance of the owned portion of the NTG, and for management and implementation of the grid development initiatives included in the related concession arrangement for transmission and dispatching operations, as set out in Terna's Development Plan.
Terna is responsible for managing the operations of all its subsidiaries under specific service agreements which, in addition to covering administrative and financial coordination and the coordination of relations with government bodies and other institutions, give the Company the right to act on behalf of its subsidiaries, or in their name and on their behalf.
The Company's Non-regulated Activities are conducted in Italy and overseas through the subsidiaries, Terna Energy Solutions S.r.l., Terna Plus S.r.l. and Terna Forward S.r.l. under existing intercompany service agreements.

From a financial viewpoint, Terna is responsible for subsidiaries' cash management in accordance with specific treasury management arrangements. These cover the conduct and coordination of all the transactions carried out from time to time, in order to manage financial resources and meet subsidiaries' cash and treasury requirements, and the execution of any other related transaction.

The following table shows the contractual terms and conditions governing financial relations with subsidiaries.

	DEPOSITS*	WITHDRAWALS
Terna Rete Italia S.p.A.	monthly average 1-month Euribor+0.30%	monthly average 1-month Euribor+0.80%
Rete S.r.l.	monthly average 1-month Euribor+0.30%	monthly average 1-month Euribor+0.80%
Terna Forward S.r.l.	monthly average 1-month Euribor+0.30%	monthly average 1-month Euribor+0.80%
Terna Energy Solutions S.r.l.	monthly average 1-month Euribor+0.30%	monthly average 1-month Euribor+0.80%
Terna Plus S.r.l.	monthly average 1-month Euribor+0.30%	monthly average 1-month Euribor+0.80%
Avvenia the Energy Innovator S.r.l.	monthly average 1-month Euribor+0.30%	monthly average 1-month Euribor+0.80%
Rete 2 S.r.l.	monthly average 1-month Euribor+0.30%	monthly average 1-month Euribor+0.80%

** If the sum of the average "1-month Euribor" plus the spread of 0.30% is negative, the interest rate applied will be 0.01%..*

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Existing intercompany agreements at 31 December 2025 are summarised below.

euro

COUNTERPARTY	TYPE		ANNUAL FEE
Terna Rete Italia S.p.A.	**Service agreement:**		
	Operation & Maintenance	euro	331,834,331
	Upgrade and development		equal to costs incurred + allowed margin on personnel expenses incurred
	Quality of service		Performance-based incentive mechanism up to a maximum of €10,000,000
	Services provided by staff on secondment and on assignment (revenue-generating)	euro	47,531
	Administrative, support and consultancy services		
	- from Terna S.p.A. to Terna Rete Italia S.p.A. (revenue-generating)	euro	21,042,405
	- from Terna Rete Italia S.p.A. to Terna S.p.A. (cost-generating)	euro	14,595,792
	Rental of workstations for staff		
	- from Terna S.p.A. to Terna Rete Italia S.p.A. (revenue-generating)	euro	671,537
	- from Terna Rete Italia S.p.A. to Terna S.p.A. (cost-generating)	euro	812,424
	Lease of operations	*euro*	22,600,000
Rete S.r.l.	**Service agreement:**		
	Upgrade and development		equal to costs incurred + 6.15% of personnel expenses incurred
	Admin., support and consultancy service agreement (revenue-generating)	*euro*	1,866,072
Terna Plus S.r.l.	**Service agreement:**		
	Management fee (revenue-generating)	euro	-56,258
	Rental of workstations for staff (revenue-generating)	*euro*	6,442
Terna Energy Solutions S.r.l.	**Service agreement:**		
	Framework agreement for the granting of IRU rights on optical fibre and the provision of ancillary services	euro	1,824,295
	Terna's Non-regulated Activities (cost-generating)	euro	6,226,453
	Services provided by staff on secondment and on assignment (expense)	euro	104,734
	Services provided by staff on secondment and on assignment (revenue-generating)	euro	349,467
	Management fee (revenue-generating)	euro	993,975
	Rental of workstations for staff (revenue-generating)	*euro*	67,401

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euro

COUNTERPARTY	TYPE		ANNUAL FEE
Gruppo Tamini	**Service agreement**		
	Administrative service (revenue-generating)	euro	49,464
	Technical services		equal to costs incurred + 6.15%
	Services provided by staff on secondment and on assignment (revenue-generating)	euro	918,441
Gruppo Brugg	**Administrative Service agreement (revenue-generating)**	euro	901,895
	Services provided by staff on secondment and on assignment (revenue-generating)	euro	1,017,263
Gruppo Altenia	**Administrative Service agreement (revenue-generating)**	euro	277,821
	Services provided by staff on secondment and on assignment (revenue-generating)	euro	419,554
	Administrative Service agreement (expense)	euro	3,262,068
Terna Interconnector S.r.l.	**Administrative Service agreement (revenue-generating)**	euro	29,039
	Management and coordination of civil works for Italy-France Interconnector (cost-generating)		equal to costs incurred + 6.15% of personnel expenses incurred
Esperia CC S.r.l.	**Administrative Service agreement (revenue-generating)**	euro	91,992
	Services provided by staff on secondment and on assignment (revenue-generating)	euro	356,534
	Rental of workstations for staff (revenue-generating)	euro	50,466
Terna Crna Gora d.o.o.	**Service agreement:**		
	Technical services		equal to costs incurred + 6.15%
	Administrative services	euro	49,872
Avvenia The Energy Innovator S.r.l.	**Administrative Service agreement (revenue-generating**	euro	35,469
Rete 2 S.r.l.	**Management fee (revenue-generating)**	euro	53,108
Terna Forward S.r.l.	**Service agreement:**		
	Terna's Non-regulated Activities (cost-generating)	euro	575,042
	Management fee (revenue-generating)	euro	64,007
	Rental of workstations for staff (revenue-generating)	euro	7,863
	Services provided by staff on secondment and on assignment (revenue-generating)	euro	248,849

It should be noted that from a tax perspective, Terna S.p.A. is the consolidating company within the IRES (corporate income tax) tax consolidation scheme, in which the following subsidiaries participate: Terna Rete Italia S.p.A., Rete S.r.l., Terna Plus S.r.l., Terna Energy Solutions S.r.l., Tamini Trasformatori S.r.l., Avvenia The Energy Innovator S.r.l and Terna Forward S.r.l..

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The nature of sales to and purchases from related parties[44] by the Company is shown in the tables below, followed by details of the revenue and costs resulting from such transactions during the year and the related assets and liabilities outstanding at 31 December 2025.

RELATED PARTY	REVENUE-GENERATING TRANSACTIONS	COST-GENERATING TRANSACTIONS
Parent		
Cassa Depositi e Prestiti S.p.A.		Linea di credito.
Related parties: subsidiaries operating in Regulated Activities		
Terna Rete Italia S.p.A.	Rental for leased operations, administrative services, rental of workstations and other services.	Maintenance and other technical services, grid upgrade and development, quality of service allowance, administrative services, rental of workstations for staff.
Rete 2 S.r.l.	Provision of technical and administrative services.	
Rete S.r.l.	Provision of technical and administrative services.	Transmission charge.
Terna Crna Gora d.o.o.	Administrative services, services provided by seconded personnel and staff on temporary transfers.	Transmission charge.
Esperia CC S.r.l.	Administrative services, services provided by seconded personnel, rental of workstations.	
Related parties: subsidiaries operating in Non-regulated Activities		
Terna Energy Solutions S.r.l.	Technical, administrative and financial services, rental of spaces and workstations.	Operation of Non-regulated Activities.
Terna Plus S.r.l.	Technical, administrative and financial services, rental of spaces and workstations.	Operation of Non-regulated Activities.
Gruppo Tamini	Administrative services, services provided by seconded personnel, other services.	
Terna Forward Srl	Administrative services and other services, rental of spaces and workstations, services provided by seconded personnel.	Operation of Non-regulated Activities.
Gruppo Brugg	Administrative services and other services, services provided by seconded personnel.	
Gruppo Altenia	Administrative services and other services, services provided by seconded personnel.	Administrative services.
Terna Interconnnector S.r.l.	Administrative and consultancy services, loan agreement.	Management and coordination of performance of civil works for Italy-France interconnector.
Avvenia The Energy Innovator S.r.l.	Administrative services and other services.	
Associates		
Cesi S.p.A.	Rental income on laboratories and other similar facilities for specific uses, dividends.	Technical studies and consultancy, research, design and experimentation.
CGES	Dividends	
CORESO S.A.		Technical coordination service for the TSO.
Other related parties		
Gruppo GSE	Metering charge, dispatching charge.	Rental of spaces and workstations.
Gruppo Enel	Transmission charge and aggregation of meter readings, dispatching charge, leases and rentals, power line maintenance, movement /re-routing of power lines, housing of fibre cable and maintenance of communications carried over proprietary power lines.	Recovery of energy discount, building services, MV power to new substations, specialist services for connection to Terna's control and protection systems.
Gruppo Ferrovie	Dispatching charge, movement of power lines.	Right-of-way fees.
Open Fiber S.p.A.	IRU agreements for fibre.	Provision of services for the rental of fibre.
Gruppo ENI	Dispatching charge.	Contributions for NTG connections, sundry services.
ANAS S.p.A.	Movement/re-routing of power lines.	Right-of-way fees.
Altre società correlate MEF		Sundry services
Fondenel e Fopen		Pension contributions payable by the Terna Group

[44] The nature of the items related to centralised treasury management and the tax consolidation arrangement already described above are excluded from the table

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REVENUE AND COSTS

(€/millions)

	REVENUE COMPONENTS			COST COMPONENTS
	TRANSMISSION CHARGE AND OTHER REVENUE FROM REGULATED ACTIVITIES	NON-ENERGY-RELATED ITEMS	DIVIDENDS	NON-ENERGY-RELATED ITEMS
Subsidiaries				
Terna Rete Italia S.p.A.	-	54.0	-	460.6
Terna Crna Gora d.o.o.	-	-	16.1	-
Terna Plus S.r.l.	-	-	-	2.5
Tamini Group	-	1.0	-	-
Terna Energy Solutions S.r.l.	-	5.9	-	6.3
Rete S.r.l.	-	1.9	-	1.8
Esperia CC S.r.l.	-	0.5	-	-
Brugg group	-	1.9	-	-
Rete 2 S.r.l.	-	0.1	-	-
Altenia Group	-	0.9	-	3.3
Terna Forward S.r.l.	-	0.5	-	0.6
Total subsidiaries	**-**	**66.7**	**16.1**	**475.1**
De facto parent				
Cassa Depositi e Prestiti S.p.A.	-	-	-	2.8
Total de facto parent	**-**	**-**	**-**	**2.8**
Associates:				
Cesi S.p.A.	-	-	-	0.3
CGES	-	-	1.1	-
CORESO S.A.	-	-	-	7.4
Total associates	**-**	**-**	**1.1**	**7.7**
Other related parties:				
GSE Group	3.8	-	-	-
Gruppo Poste Italiane	-	-	-	0.2
Open Fiber S.p.A.	-	1.2	-	-
Enel Group	2,430.6	0.8	-	0.2
Eni Group	11.6	0.1	-	0.1
Ferrovie Group	4.0	0.1	-	0.8
ANAS S.p.A.	-	-	-	1.0
Other related parties of the MEF	-	-	-	0.4
Total other related parties	**2,450.0**	**2.2**	**-**	**2.7**
Pension funds:				
Fondenel	-	-	-	0.8
Fopen	-	-	-	1.1
Total pension funds	**-**	**-**	**-**	**1.9**
TOTAL	**2,450.0**	**68.9**	**17.2**	**490.2**

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ASSETS AND LIABILITIES

(€/millions)

	PROPERTY, PLANT AND EQUIPMENT	RECEIVABLES AND OTHER ASSETS	PAYABLES AND OTHER LIABILITIES		BALANCE ON INTER-COMPANY TREASURY ACCOUNT AND CASH	GUARANTEES*
	CAPITALISED COSTS	FINANCIAL COSTS	OTHER	FINANCIAL COSTS		
Subsidiaries						
Terna Rete Italia S.p.A.*	152.1	-	1,960.3	-	567.5	-
Terna Gora	-	-	3.1	-	-	-
Terna Plus S.r.l.*	-	-	2.2	-	57.5	-
Tamini Group*	36.5	-	-	-	-	-
Terna Energy Solutions S.r.l.*	-	-	10.8	-	1.8	-
Rete S.r.l.*	-	-	24.0	-	95.9	-
Terna Interconnector S.r.l.	-	-	0.1	-	-	-
Avvenia The Energy Innovator S.r.l.*	-	-	-	-	3.9	
Rete 2 S.r.l.	-	-	-	-	0.8	
Terna Forward S.r.l.	-	-	0.2	-	11.0	-
Altenia Group	-	12.0	1.1	-	-	-
Brugg group	69.0	-	-	-	-	-
Total subsidiaries	**257.6**	**12.0**	**2,001.8**	**-**	**418.6**	**-**
De facto parent						
Cassa Depositi e Prestiti S.p.A.	8.5	-	10.8	90.5	-	(270.0)
Total de facto parent	**8.5**	**-**	**10.8**	**90.5**	**-**	**(270.0)**
Associates:						
Cesi S.p.A.	1.9	-	0.4	-	-	0.4
CORESO S.A.	-	-	1.3	-	-	-
Total associates	**1.9**	**-**	**1.7**	**-**	**-**	**0.4**
Other related parties:						
Gruppo Poste Italiane	0.1	-	-	-	-	-
Enel Group	0.5	-	9.8	-	-	827.8
Eni Group	-	-	4.4	-	-	125.5
Ferrovie Group	0.1	-	15.6	-	-	68.3
ANAS S.p.A.	-	-	2.2	-	-	-
Snam Rete Gas S.p.A.	-	-	4.0	-	-	-
Other related parties of the MEF	0.7	-	2.3	-	-	1,156.1
Total other related parties	**1.4**	**-**	**38.3**	**-**	**-**	**2,177.7**
Pension funds:						
Fopen	-	-	1.0	-	-	-
Total pension funds	**-**	**-**	**1.0**	**-**	**-**	**-**
TOTAL	**269.4**	**12.0**	**2,053.6**	**90.5**	**418.6**	**1,908.1**

* *The balances for the item, "Other", include receivables and payables relating to the tax consolidation arrangement for IRES.*

** *Guarantees regard surety bonds received from contractors, with the exception of the amount relating to Cassa Depositi e Prestiti S.p.A. regarding a Revolving Credit Facility.*

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The impact of related-party transactions or positions on the statement of financial position and the income statement is summarised below:

STATEMENT OF FINANCIAL POSITION

(€/millions)

	31.12.2025			31.12.2024		
	TOTAL	RELATED PARTIES	% SHARE	TOTAL	RELATED PARTIES	% SHARE
Property, plant and equipment	19,587	269.4	1.4%	17,276	177.2	1.0%
Non-current financial assets	1,534.3	-	-	1,587.3	-	-
Other non-current assets	7.9	2.8	35.4%	7.8	2.6	33.3%
Trade receivables	2,906.7	502.0	17.3%	2,936.1	273.5	9.3%
Cash and cash equivalents	1,995.1	418.6	21.0%	2,415.3	260.0	10.8%
Tax assets*	3.3	-	-	3.3	-	-
Current financial assets	753.5	12.0	1.6%	447.0	-	-
Other current assets	157.9	0.1	0.1%	60.5	0.4	0.7%
Other non-current liabilities	575.4	21.8	3.8%	453.7	22.6	5.0%
Trade payables	4,406.0	1,985.4	45.1%	3,565.6	1,257.4	35.3%
Long-term borrowings	13,852.5	90.5	0.7%	11,378.2	-	-
Tax liabilities*	28.9	(52.9)	(183.0%)	90.5	(39.7)	(43.9%)
Other current liabilities	865.6	46.1	5.3%	657.8	48.9	7.4%

** The balances for the items include receivables and payables relating to the tax consolidation arrangement for the IRES.*

INCOME STATEMENT

(€/millions)

	2025			2024		
	TOTAL	RELATED PARTIES	% SHARE	TOTAL	RELATED PARTIES	% SHARE
Revenue from sales and services	3,113.7	2,480.1	79.7%	2,960.6	2,196.9	74.2%
Other revenue and income	87.0	34.5	39.7%	62.5	33.8	54.1%
Raw and consumable materials used	2.0	0.2	10.0%	10.6	0.2	1.9%
Services	592.7	481.0	81.2%	546.3	452.3	82.8%
Personnel expenses	128.7	1.9	1.5%	125.1	1.7	1.4%
Other operating costs	30.1	0.1	0.3%	27.7	2.4	8.7%
Financial income	131.6	21.7	16.5%	165.3	10.6	6.4%
Financial expenses	(290.2)	6.9	(2.4%)	(296.5)	8.2	(2.8%)

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The impact of related party cash flows is shown below:

STATEMENT OF CASH FLOWS

(€/millions)

	31.12.2025			31.12.2024		
	TOTAL	RELATED PARTIES	% SHARE	TOTAL	RELATED PARTIES	% SHARE
Cash flow from operating activities	2,573.8	324.2	12.6%	1,643.0	331.3	20.2%
Cash flow from investing activities	(3,776.8)	(92.2)	2.4%	(2,560.9)	(31.5)	1.2%
Cash flow from financing activities	782.8	90.5	0.1%	1,876.9	-	-

H. Significant non-recurring, atypical or unusual events and transactions

No significant non-recurring, atypical or unusual events or transactions, involving either third or related parties, took place in 2025.

I. Notes to the statement of cash flows

Cash generated from operating activities during the year amounted to €2,573.8 million, of which €2,500.2 million is attributable to operating activities (self-financing) and €73.6 million to cash generated from changes in net working capital.

The net cash outflow for investing activities totalled approximately €3,776.8 million, mainly relating to €2,882.9 million in investments in property, plant and equipment (excluding right-of-use assets recognised under IFRS 16), €408.9 million in investments in intangible assets, €301.8 million in changes in investments in securities, and €227.2 million in consideration paid for the acquisition of the company Rete 2 S.r.l., as described above.
Equity decreased by €803.6 million, mainly due to the distribution of the 2024 final dividend and the 2025 interim dividend to the Parent Company's shareholders (down €794.6 million), as well as the purchase of own shares under the new 2025–2029 Performance Share Plan (down €9.0 million). Further information is provided in Note 20. Equity".
As a result, net cash used in investing activities and to provide a return on equity during the year resulted in an overall financing requirement of €4,580.4 million, funded partly by cash generated from operating activities of €2,573.8 million and partly through an increase in net financial debt of €2,006.6 million.

The following table shows the reconciliation of net changes deriving from financing activities in the statement of cash flows:

(€/millions)

	31.12.2024	CASH FLOW FROM FINANCING ACTIVITIES	CHANGE IN FV AND OTHER	31.12.2025
- Long-term borrowings (including current portion)	12,043.4	2,534.7	31.7	14,609.8
- Short-term borrowings	1,631.2	(948.3)	21.1	704.0
Net change deriving from financing activities	**13,674.6**	**1,586.4**	**52.8**	**15,313.8**

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L. Government grants

Article 1, paragraphs 125 to 129, of Law 124 of 4 August 2017 (the annual markets and competition law) has introduced a number of measures designed to ensure the transparency of the government grants system. These measures, later amended by Law Decree 34 of 30 April 2019, include an obligation for companies to disclose amounts and information regarding assistance, subsidies, benefits, grants or aid, whether in cash or in kind, in the notes to the annual financial statements and, where applicable, in consolidated financial statements, where such amounts are not of a general nature and do not have the form of a fee, remuneration or compensation and have been received from a public body (paragraph 125-bis). The legislation also requires the disclosure of any grants disbursed (paragraph 126).

In accordance with Assonime circulars, Circular 5 of 22 February 2019 on "Transparency in the government grants system: an assessment of the regulations and interpretation guidance" and Circular 32 of 23 December 2019 on "Enterprise and competition", Terna S.p.A. uses the following criteria and basis of reporting for government grants:

- the regulations only apply to entities resident in Italy;
- grants have the nature of grants or donations, and represent incentives or subsidies designed to give beneficiaries a recognised economic advantage; the grants therefore take the form of donations or giving and public aid for specific purposes, and are not awarded under a general aid regime;
- the public resources used are exclusively "national";
- grants are reported on a cash basis and if the amount is not less than €10,000 (with reference to each individual beneficiary) in the reporting period.

In line with the above, the following table shows government grants collected/disbursed by Terna S.p.A. in 2025:

Grants received (paragraph 125-bis)

	GRANTOR				
BENEFICIARY ENTITY	NAME	VAT NUMBER	TYPE OF TRANSACTION	AMOUNT (€)	NOTES
TERNA SPA	Ministry of Enterprises and Made in Italy	80230390587	Capital government grant	5,810,551	Grants received following the reporting of projects carried out by Terna S.p.A., financed through public funding under the National Operational Programme (NOP) "Enterprises & Competitiveness" 2014–2020 ERDF – Axis IV – Investment Priority 4d – Action 4.3.1*
TERNA SPA	Ministry of Enterprises and Made in Italy	80230390587	Capital government grant	3,415,980	Grants received following the reporting of projects carried out by Terna S.p.A., financed through public funding under the National Operational Programme (NOP) "Enterprises & Competitiveness" 2014–2020 ERDF – Axis IV – Investment Priority 4d – Action 4.3.1*
TERNA SPA	Sicily Region	2711070827	Capital government grant	192,416	Grants received following the reporting of projects carried out by Terna S.p.A., financed through public funding under the Operational Programme (OP) ERDF Sicily 2014-2020 – Thematic Objective 4 – Action 4.3.1*
TOTAL				**9,418,947**	

** These grants are covered by the obligation to publish them in the national state aid register..*

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Grants disbursed (paragraph 126)

	BENEFICIARY				
GRANTOR	NAME	VAT NUMBER	TYPE OF TRANSACTION	AMOUNT (€)	NOTES
TERNA SPA	Politecnico di Torino	00518460019	GRANT	20,000	Grant in support of the postgraduate Master's programme (Level II) in "Artificial Intelligence"
TERNA SPA	SOCIETÀ BOTANICA ITALIANA ONLUS	00464940485	GRANT	56,314	Project Tiny Forest 2025
TERNA SPA	Fondazione Terna	96603750587	GRANT	800,000	Dotazione Fondazione Terna [Terna Foundation endowment]
TERNA SPA	ARNAS (National High-Specialty Hospital Authority)	02315520920	GRANT	20,000	Grant to support the intensive care unit of ARNAS G. Brotzu, Sardinia, under the "Joint Stars of Charity 2025" project
TERNA SPA	Fondazione Accademia Nazionale S. Cecila [S. Cecila National Academy Foundation]	05662271005	GRANT	160,000	Renewed participation as a founding partner
TERNA SPA	Associazione FUKYO O.d.V.	97727100584	GRANT	36,000	Support for study trips abroad and multicultural exchange opportunities for employees' children
TERNA SPA	FONDAZIONE TEATRO DELL'OPERA DI ROMA [ROME OPERA HOUSE FOUNDATION]	00896251006	GRANT	100,000	Cultural partnership supporting the artistic season and initiatives promoting inclusion and music education.
TERNA SPA	MUNICIPALITY OF LAMPEDUSA AND LINOSA	02146780842	GRANT	30,000	Support for the project "The Island, Young People and the Future", aimed at fostering youth participation, inclusion and social cohesion through cultural, sporting and civic activities targeting young people in the local area.
TERNA SPA	Fondazione Intercultura, a non-profit organisation (ONLUS)	464940485	GRANT	45,000	Scholarships for Terna employees' children for 2025 international exchange programmes
TERNA SPA	Higher Technical Institute Foundation for Energy, Environment and Sustainable Construction	94628870159	GRANT	40,000	Funding of scholarships for the ITS "Networks, Plants and Systems" course
TERNA SPA	POLYTECHNIC UNIVERSITY OF MILAN	04376620151	GRANT	72,000	Participation in the GIRLS@POLIMI project, providing scholarships for equal opportunities.
TERNA SPA	Fondazione Intercultura, a non-profit organisation (ONLUS)	464940485	GRANT	55,000	Scholarships for Terna employees' children for 2024 international exchange programmes
Total				**1,434,314**	

** These grants are covered by the obligation to publish them in the national state aid register.*

M. Proposal for appropriation of profit for the year

The Board of Directors of Terna S.p.A. proposes the distribution, for the 2025 financial year, of a total dividend of €795,846,910.86, corresponding to €0.3962 per outstanding share, of which €0.1192 per outstanding share was approved as an interim dividend on 13 November 2025.

The Board of Directors thus proposes to appropriate Terna S.p.A.'s profit for 2025, amounting to €989,075,987.11, as follows:

- €239,079,126.86 to cover the interim dividend paid from 26 November 2025 to each ordinary share outstanding at the record date of 25 November 2025;
- €556,767,784.00 as settlement of the dividend to be distributed to the extent of €0.2770 in relation to each of the 2,009,992,000 ordinary shares representing the share capital as at the date of this Board Meeting to be paid on 24 June 2026 with "ex-dividend date" of coupon No. 44 falling on 22 June 2026 (record date pursuant to Article 83-terdecies of Legislative Decree No. 58 of 24 February 1998 "CLF" (Consolidated Law on Finance): 23 June 2026). Own shares held in the portfolio at the aforementioned record date shall not be entitled to the dividend balance. The final dividend for 2025 attributable to the treasury shares held by the Company at the record date, will be taken to retained earnings;
- €193,229,076.25 to be taken to retained earnings.

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N. Significant events after the reporting period

Completion of the installation of the west link of the Tyrrhenian Link: connecting Sicily and Sardinia

At the beginning of **January 2026** the installation of the **first submarine cable of the west link of the Tyrrhenian Link**, one of the most significant infrastructure projects developed by Terna in Italy, was completed.
The interconnection links Sicily and Sardinia and reaches a **record depth of 2,150 metres**, representing a world record for a high-voltage direct current (HVDC) subsea power line. In just over approximately 480 km of cable were installed between Fiumetorto (Termini Imerese) and Terra Mala (Quartu Sant'Elena), with works completed aboard Nexans' vessel Aurora. The Tyrrhenian Link involves a total investment of €3.7 billion and comprises two 500 kV links (east and west), for a total length of approximately 970 km and a transmission capacity of 1,000 MW per link. Completion is expected in 2028. Through its transmission capacity, the Tyrrhenian Link will make a significant contribution to achieving the decarbonisation targets set out in the National Integrated Energy and Climate Plan, enhancing exchange capacity and improving the adequacy and flexibility of the national transmission grid, as well as strengthening interconnections between Campania, Sicily and Sardinia.

Authorisation process launched for new grid infrastructure in the Trieste area

On **12 January 2026**, Terna published the notice regarding the start of the authorisation process by the Friuli-Venezia Giulia Autonomous Region for a **development plan concerning the national electricity grid in the Trieste area**.
The project, with an investment of over €80 million, forms part of Terna's Resilience Plan, aimed at strengthening the local grid against extreme weather events, particularly strong winds, and supporting the increase in demand associated with the electrification of the Port of Trieste. The first of the two planned works involves the construction of an underground cable connection of over 23 km between the Duino Aurisina substation and the "Roiano" primary substation. The second underground cable connection extends for over 9 km between the Valmartinga and Rozzol primary substations. The routing of the power lines and the expansion of the electricity substation have been defined through coordination between Terna, municipalities and the relevant local authorities, with the aim of minimising crossings over privately owned land while maximising the use of publicly managed areas.

Terna ranked among the Top Employers 2026

On **15 January 2026**, the certification body **Top Employers Institute**, which assesses companies based on their HR policies and strategies, **recognised Terna as Top Employer for the second consecutive year**.
The survey confirmed Terna's high standards in 6 macro-areas in the area of Human Resources, examining 20 topics and best practices, including People Strategy, Work Environment, Talent Acquisition, Learning, Diversity, Equity & Inclusion and Well-being. The Top Employer certification confirms the strength of Terna's People Strategy, launched in 2024 with the aim of consolidating an organisational culture based on growth, change and merit, promoting respect for individuals and diversity, and reviewing HR processes to support the development of the Company's human capital. The new model, focused on capacity and talent building, fosters individual and, therefore, organisation-wide performance, leveraging empowerment and merit to boost motivation, engagement and well-being.

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Authorisation process launched for a new substation in the Province of Pisa

On **15 January 2026**, the Ministry of the Environment and Energy Security initiated the authorisation process for a **new Terna Electricity Substation in the Municipality of Castelnuovo di Val di Cecina, in the province of Pisa**. The project, with an investment exceeding €50 million, aims to enhance the development of renewable energy sources in the area, particularly the Larderello geothermal complex, and to improve the quality and reliability of the electricity grid. The substation will be built using compact gas-insulated technology, reducing land use by approximately 60% compared with traditional installations, thereby limiting environmental and landscape impact. The project also includes architectural and landscape integration measures. To connect the new substation to the national transmission grid, two overhead line connections (with a total length of approximately 800 metres) and two underground cables insulated with XLPE (cross-linked polyethylene), for a total length of approximately 4 km, will be constructed, enhancing reliability, efficiency and sustainability. The project forms part of Terna's 2025–2034 Development Plan, which includes around €2 billion of investment in the Tuscan electricity network. The planned works aims to improve the performance and efficiency of the regional electricity system.

Standard Ethics confirms "EE+" rating

On **22 January 2026**, the leading international non-financial rating agency, **Standard Ethics, confirmed Terna's Corporate Rating at "EE+"** (corresponding to a 'Very Strong' rating), **placing the Company within the highest "Sustainable"** bandand among the top performers in the Utilities sector. In particular, more than 99% of the investments under the 2024–2028 Industrial Plan are considered sustainable under the EU Taxonomy, and the Group is committed to defining Science-Based Targets for Nature and achieving a Net Zero target by 2050. Terna has implemented an advanced ESG governance and risk management model, with non-financial reporting aligned with UN, OECD and EU standards. This has enabled the Group to receive the "Best ESG Rating Award" from Standard Ethics for the third consecutive year and to be confirmed among the sector leaders by ISS ESG, CDP, S&P Global and Sustainalytics. As a result of these recognitions, Terna is included in the main international ESG indices, including the Dow Jones Sustainability Index, Euronext Sustainable, MIB ESG, STOXX Global ESG Leaders and FTSE4Good, thereby consolidating its global leadership in environmental, social and governance matters.

Successful completion of the issuance of a new €750 million green bond with a maturity of 7 years

On **26 January 2026**, Terna S.p.A. successfully launched a perpetual, subordinated, hybrid, non-convertible, fixed-rate **European Green Bond**, placed with institutional investors, for a total nominal amount of €850 million. The issuance, following the €750 million senior European Green Bond issued in July 2025, was strongly received by the market, with demand exceeding €7 billion, approximately nine times the offer, and characterised by high-quality and geographically diversified investors. The bond is non-callable for six years, issued at a price of 100%, with a spread of 123 basis points over the mid-swap rate, implying a subordination premium of less than 60 basis points compared with an equivalent senior issue, representing the lowest level ever recorded for a euro-denominated corporate hybrid bond in Europe. The bond pays an annual fixed coupon of 3.875% (effective yield) until, but excluding, the first reset date of 2 February 2032 From that date, if the bond has not been redeemed early, the hybrid instrument will bear annual interest at the five-year euro mid-swap rate plus an initial margin of 123 basis points, increased by an additional 25 basis points from 2 February 2037 and by a further 75 basis points from 2 February 2052. Settlement of the issuance is expected on 2 February 2026. In accordance with Regulation (EU) 2023/2631, it is expected that the proceeds of the issuance will be used to finance or refinance the Company's so-called "eligible green projects", identified or to be identified on the basis of Terna's Green Bond Framework, prepared in July 2025 and aligned with the "Green Bond Principles 2025" published by the International Capital Market Association, as well as with the EU Taxonomy aimed at promoting sustainable investments. It should also be noted that the perpetual hybrid European Green Bond has been issued under Terna's Euro Medium Term Notes (EMTN) Programme, with a total amount of €4,000,000,000, approved in June 2025 (and subsequently updated, most recently on 22 January 2026) by the Italian Securities and Exchange Commission (CONSOB). It is further noted that an application for admission to trading of the bond on the Electronic Bond Market (MOT), managed by Borsa Italiana, will be submitted at the time of issuance.

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Authorisation process launched for new underground cable connections in the Province of Naples

On **29 January 2026**, following the initiation of the authorisation process for the project to connect the "ASI Nola" primary substation to the national transmission grid, Terna published a notice identifying the cadastral plots potentially affected by the works in the Province of Naples. Terna will invest approximately **€50 million in the construction of two new power lines with a total length of 15 km, affecting the municipalities of Nola, Marigliano and Brusciano**. The project includes an 11 km underground power line between the Brusciano primary substation and the "ASI Nola" substation, and a further 4 km underground cable connection between the "ASI Nola" and Nola primary substations, both owned by the local distribution operator. The project aims to strengthen the electricity network in the Naples metropolitan area, improving its resilience and efficiency to meet the growing energy demand of the Nola industrial area. Project documentation is available for consultation by citizens and landowners of the affected plots at the Ministry of the Environment and Energy Security, the Campania Region and the municipalities involved, as well as online via the links provided in the notices published on municipal notice boards and on the regional website. Any comments may be submitted within 30 days from the publication of the notice to the Ministry, with a copy to Terna.

Terna and the Municipality of Florence: dismantling of transmission pylons underway

On **2 February 2026**, Terna **started the removal of electricity transmission towers**, starting with the demolition of a pylon located near the San Giovanni di Dio Hospital. The removal activities were carried out in the presence of the Councillor for Urban Planning, Urban Decorum and Toponymy, Caterina Biti, and the Head of Terna's Central-Northern Transmission Department, Gilberto Ricci. The first phase of the works, lasting approximately three weeks, involves the removal of 2 km of overhead lines and 7 transmission towers, made possible by the prior construction of new underground lines. The intervention forms part of a broader programme for the rationalisation and modernisation of the metropolitan electricity grid, for which Terna has invested over €45 million, with the aim of improving safety, efficiency and sustainability. From spring 2026, three further interventions are planned, also involving the municipalities of Scandicci and Impruneta, enabling the removal of an additional 12 km of overhead lines and 61 towers. Upon completion of the overall programme, with a total of 14 km of lines and 68 towers removed, approximately 50 hectares of land currently occupied by infrastructure (equivalent to around 45 football pitches) will be returned to the local area. In addition, approximately 200 tonnes of steel and 40 tonnes of conductors and earth wires will be recovered and reused through specialised operators. Throughout the works, Terna will cooperate with the Municipality and the Prefecture of Florence to implement temporary traffic management measures, ensuring safety and minimising disruption to circulation.

Formal start of the liquidation process of "Terna 4 Chacas S.A.C."

On **16 February 2026**, the formal initiation of **the voluntary liquidation process of the subsidiary "Terna 4 Chacas S.A.C."** has commenced. The company has carried out the mandatory update of its corporate name in accordance with Peruvian legislation and in line with procedures comparable to those provided under Italian law in similar cases. As of that date, the company's name is "Terna 4 Chacas S.A.C. – En Liquidación". Completion is expected by the end of 2026, subject to unforeseen circumstances.

Increase in electricity consumption in January driven by low temperatures and industrial growth

On **17 February 2026**, it was announced that i**n January 2026 the national electricity demand increased by 4.1% compared with the same month in 2025**, reaching 28 billion kWh, the highest monthly value since 2014. Wind and photovoltaic generation increased by 16%, while the demand for electricity continued the recovery trend that began in September 2025. Adjusted for temperature and calendar effects, demand increased by 2.8%, with consistent growth across the country: +4.2% in the North, +4.1% in the Centre, and +3.9% in the South and the Islands. Industrial electricity consumption, measured by the IMCEI index based on approximately 1,000 energy-intensive companies, increased by 3.8%, driven by the steel, cement, food and non-ferrous metals sectors, while sectors such as mechanical engineering, paper and chemicals recorded declines. The IMSER index for the services sector showed an increase of 4.2% in November 2025. Domestic production covered 88.7% of electricity demand, with an overall increase of 13% and a reduced reliance on energy imports, offset by higher wind, solar and thermoelectric generation. Renewable

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sources accounted for 31.7% of demand, with wind (+16.2%) and photovoltaic (+15.2%) generation increasing, while hydroelectric (-11.4%) and geothermal (-2.2%) generation declined. Total installed capacity reached 84,003 MW, including 43,846 MW of solar and 13,768 MW of wind capacity. In addition, 893,092 new installations were recorded, corresponding to 18,038 MWh of storage capacity and 7,424 MW of nominal power.

Terna ranked first among global electricity companies in S&P Global's "Sustainability Yearbook 2026"

On **18 February 2026**, Terna was recognised among global sustainability leaders, achieving the highest distinction, **"Top 1%", in S&P Global's "Sustainability Yearbook 2026"**, which assessed the ESG performance of over 9,200 companies. With a score of 90 out of 100, Terna achieved the highest rating among more than 200 electricity utilities analysed, confirming its excellence for the ninth consecutive year. The assessment considers environmental impact, climate strategy, human capital management, workplace safety, governance and human rights. The recognition reflects Terna's ESG policies, including the quality of its reporting, CO_2 emissions reduction and human capital management, in line with its commitment to achieving Net Zero Science-Based targets by 2050. This result confirms Terna's role as an enabler of the energy transition and sustainable value creation, with over 99% of its activities aligned with the EU Taxonomy.

Authorisation process launched for two new underground cable connections in the province of Syracuse

On **25 February 2026**, following the start by the Sicilian Region of the authorisation process for the construction of two new connections to the Sortino and Lentini primary substations, Terna published a notice identifying the cadastral plots potentially affected by the works. The project, for which Terna will invest approximately €18 million, aims to strengthen the electricity network in the area, improving its reliability, efficiency and sustainability. **It involves the construction of two new underground power lines with a total length of over 6 km in the municipalities of Sortino, Melilli and Carlentini**. The new infrastructure will connect the Sortino and Lentini primary substations to the "Pantano–Melilli" line, enabling the removal of approximately 50 km of existing overhead lines across the municipalities of Catania, Melilli, Augusta, Carlentini and Priolo Gargallo, thereby freeing approximately 145 hectares of land. These works form part of the infrastructure connected to the "Paternò–Pantano–Priolo" corridor, completed in 2025 and designed to enhance the efficiency and resilience of the regional electricity system. **The infrastructure extends for approximately 63 km between the provinces of Catania and Syracuse, enabling the decommissioning of 155 km of overhead lines and approximately 400 pylons**. Any comments must be submitted within 30 days from publication to the Region, with a copy to Terna. In Sicily, Terna manages over 4,500 km of high- and extra-high-voltage transmission lines and 81 substations, confirming its role in ensuring the security and development of the electricity system.

Disposal of electricity transmission activities in Peru

On **26 February 2026**, **Terna Plus S.r.l. and Rete S.r.l., companies belonging to the Terna Group, signed with ENGIE Transmisiòn Peru S.A.** (ENGIE Group company) a binding agreement for the disposal of 100% of the share capital of Terna Peru S.A.C. The company owns a 138 kV power line, approximately 132 km in length, connecting the Aguaytía and Pucallpa substations in the Ucayali region of Peru. The transaction value amounts to approximately $15 million. Completion is expected in the third quarter of 2026. This transaction forms part of Terna's strategic repositioning process, implemented through the enhancement of assets developed in South America, as confirmed in the 2024-2028 Industrial Plan Update.

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Acquisition of minority stake in Gyala S.r.l.

On **26 February 2026, the shareholders' meeting of Gyala S.r.l. approved a non-divisible paid capital increase for a total amount of €4,000,000**, including share premium, to be offered exclusively for subscription to Terna Forward S.r.l., CDP Venture Capital SGR S.p.A., Deep Ocean Capital SGR S.p.A. and Ventive S.r.l. Upon completion of the contributions by all investors, the transaction will be deemed completed and the subsidiary Terna Forward S.r.l. will acquire a minority interest equal to 4.17% of the share capital. Gyala S.r.l., operating in the cyber security sector, develops, produces and markets innovative, high value-added technological products, solutions and services.

Energy Bills Decree: temporary increase in the IRAP rate

At the beginning of **March 2026**, following the entry into force of the so-called **"Energy Bills Decree"** (Decree-Law No. 21 of 20 February 2026), a **temporary increase of two percentage points in the IRAP rate was introduced for the 2026 and 2027 tax periods**, applicable to entities operating in the electricity generation, transmission and distribution sectors.

Authorisation process launched for the electricity connection between Montecorvino and Benevento

On **3 March 2026**, following the initiation by the Ministry of the Environment and Energy Security of the authorisation process **for the new power line connecting the Montecorvino (Salerno), Avellino and Benevento substations**, Terna published a notice listing the cadastral plots affected by the project. With an **investment of approximately €340 million**, the infrastructure will extend over a route of approximately 90 km. The project will enable a significant reconfiguration of the local electricity network, including the construction of 70 km of underground cable power lines and the consequent removal of over 100 km of overhead lines and approximately 300 transmission towers, freeing nearly 290 hectares of land. In particular, 29 km of lines and 79 towers will be dismantled in the Province of Salerno, 47.5 km and 151 towers in the Province of Avellino, and 20.5 km and 68 towers in the Province of Benevento. The project will enable the full utilisation of the Tyrrhenian Link, supporting the integration of renewable energy sources and improving the security and efficiency of the electricity grid in Campania, also through the reduction of network congestion. Furthermore, it will strengthen energy exchange capacity in Southern Italy, contributing to national and European decarbonisation targets. The route was identified through a voluntary participatory process promoted by Terna between 2021 and 2022, involving municipalities, the Campania Region, associations and supervisory authorities, with the aim of identifying environmentally and landscape-sustainable solutions. In 2023, the public consultation required by applicable regulations was carried out, including information meetings and the collection of comments. The outcomes of this process were approved by the Ministry of the Environment and Energy Security, which subsequently initiated the authorisation process. The project documentation, including the cadastral plots affected, is available for consultation at the competent authorities and online. Any comments may be submitted within 30 days from the publication of the notice. In Campania, Terna employs approximately 430 people and operates around 4,000 km of high- and extra-high-voltage lines and 67 substations, confirming its strategic role in the development and security of the regional electricity system.

Authorisation process launched for a new underground cable connection in the city of Matera

On **4 March 2026**, following the start, by the Ministry of the Environment and Energy Security, of the authorisation process for the construction of a **new power line in the city of Matera**, Terna published the list of cadastral plots affected by the project. The project involves a total investment of approximately €19 million and consists of an underground cable connection of around 8 km between the Matera and Matera Nord substations. The infrastructure will enable the removal of approximately 6.5 km of overhead lines and the dismantling of 20 transmission towers, freeing over 5 hectares of land in the urban area, and will facilitate the integration of electricity infrastructure within densely populated urban environments. With more than 60 employees in the region, Terna operates approximately 2,500 km of high- and extra-high-voltage lines and 21 substations in Basilicata.

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TEHA-Terna study: transmission grid as a driver of energy security and competitiveness in Italy

On **6 March 2026**, Terna announced the results of the study "Energy security and independence: the transmission grid as a driver of Italy's competitiveness". The study, promoted by TEHA Group in collaboration with Terna, confirms the National Transmission Grid as a key element for the efficient integration of renewable energy sources and storage systems in the Italian electricity system. According to the study, **renewable energy sources accounted for approximately 50% of national electricity generation in 2025, establishing themselves as the main driver of the country's energy independence**. The study also highlights the significant macroeconomic impact of Terna's investments. In this context, the transmission grid plays a distinctive role by generating long-term value and territorial benefits: each euro invested in the transmission grid produces an impact of €2.98 in terms of production value and €1.31 in terms of GDP. Overall, the investments included in Terna's Industrial Plan are expected to generate €35 billion in production value and €16.2 billion in GDP. In recent years, the global energy landscape has undergone significant transformation. Between 2010 and 2024, the average cost of electricity generation from solar and wind decreased by approximately 90% and 70%, respectively. In 2025, in Europe, these two sources accounted for around 30% of electricity generation, surpassing fossil fuels for the first time. A similar trend is observed in Italy: over the past twenty years, the share of electricity generation from renewable sources has almost tripled, while thermoelectric generation has decreased by more than 40%. Gross efficient capacity in Italy reached 82 GW, representing an increase of 44.3% compared with 2020, and more than 22 GW of new renewable capacity has already been contracted and is expected to enter into operation in the coming years. The growth of renewable energy is contributing to strengthening the country's energy security, reducing Italy's energy dependence by approximately 9 percentage points between 2010 and 2024. However, the electricity system remains significantly exposed to gas price volatility, which in 2024 determined electricity prices for more than 60% of the hours. In this context, the grid operated by Terna stands out for its high levels of efficiency, service quality and security. With a transmission cost among the lowest in Europe: €11.2/MWh in 2024, compared with €12.1/MWh in France, €15/MWh in Spain and a European average of €16.5/MWh. Terna's Ten-Year Development Plan outlines investments of €23 billion by 2034, with the objective of increasing energy exchange capacity by approximately 15 GW and further strengthening cross-border interconnections. The unit cost per GW is also approximately half that observed in Germany, France and the United Kingdom. In the short to medium term, renewable energy sources therefore represent a key factor in enhancing the country's energy security and containing energy costs, supported by their full technological and commercial maturity. In the medium to long term (2040-2050), ensuring a balanced mix between solar and wind energy will become increasingly important, complemented by an estimated 10%-15% contribution from low-emission dispatchable technologies, in order to guarantee the economic sustainability, stability and security of the electricity system.

Terna and International Women's Day

On **7 March 2026**, in connection with International Women's Day on 8 March, Terna renewed its commitment to promoting female talent. In 2025, of more than 800 new hires made by the Group, approximately 36% (excluding operational roles) were women. **Currently, women represent around 26% of the workforce and hold 31% of managerial positions**, demonstrating the company's commitment to recognising and valuing talent based on skills and merit. Terna's **People Strategy**, a key pillar of the 2024-2028 Industrial Plan, places people at the centre and promotes a cultural transformation across all stages of the professional lifecycle, from recruitment to performance evaluation and leadership development. This approach has also been supported by the Group Academy, which over the past two years has delivered more than 30,000 hours of training on topics such as inclusive language and overcoming stereotypes, including the programme "Breaking stereotypes: putting respect into action", involving the entire workforce. Particular focus is placed on STEM disciplines, which are essential to supporting the energy and digital transition. In fact, of the more than 7,100 employees of the Group, approximately 2,300 hold degrees in STEM disciplines, with female representation steadily increasing among new hires. Terna has also developed and consolidated numerous external initiatives to promote women's participation in scientific fields. Key initiatives include the **Boost Program with Sistech**, which offers scholarships to refugee women; the **partnership with ELIS-Role Model**; the collaboration with **Valore D** and the **project "Girls@Polimi-Borse for future engineers"**. Alongside development and training policies, Terna continues to strengthen initiatives supporting families and work-life balance. In this regard, the Group promotes flexible working models, an enhanced smart working agreement, parental support initiatives, widespread welfare measures and services dedicated to psychological, physical and organisational wellbeing, also extended to employees' families. The Group's Diversity & Inclusion policies

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also include certification and the Strategic Gender Equality Plan 2024-2026, based on inclusive recruitment and leadership, pay equity, training and awareness initiatives, with the aim of fostering an increasingly inclusive and respectful working environment. Among the most recent initiatives is the opening of the "Spazio Nuvola" at the Rome headquarters, a space designed to support mothers returning to work during the breastfeeding period and to promote a better balance between work and motherhood. Established initiatives supporting families also include the **"MiniWatt" corporate nursery** at the Group's headquarters, dedicated to employees' children. In addition, financial support of up to 60% of nursery fees is provided nationwide for employees with children aged 0 to 3.

Authorisation process launched for the upgrading of the "Misterbianco–Villa Bellini" underground power line in Catania

On **9 March 2026**, Terna announced the start of the authorisation process for **the modernisation of the underground connection between the Misterbianco substation and the Villa Bellini primary substation in the municipality of Catania**, and published the notice including the affected cadastral plots. Terna will invest a total of approximately €9 million, contributing to enhancing the reliability and efficiency of the electricity network in the Metropolitan Area of Catania. The new underground connection, approximately 1 km in length and located outside the urban centre, will use XLPE (cross-linked polyethylene) insulation and will adopt more modern and sustainable technology. The project also involves the decommissioning of approximately 700 metres of cable installed in 1977 and commissioned in 1987, based on an obsolete fluid-filled oil system. The upgrading of the power line forms part of a broader programme of interventions aimed at improving the stability and efficiency of the local network, ensuring a more reliable supply to the Acicastello and Catania Est substations.

Publication of the Board of Directors' and Board of Statutory Auditors' guidance

On **9 March 2026**, the document "Guidance of the Board of Directors of TERNA S.p.A. to shareholders on the size and composition of the new Board of Directors", approved on 26 February 2026, was filed at the Company's registered office. The document "Guidance of the Board of Statutory Auditors of TERNA S.p.A. on the composition and remuneration of the new Board of Statutory Auditors to be appointed by the General Meeting of shareholders", approved on 2 March 2026, was also filed.

Authorisation process launched for network works in the Province of Milan

On **10 March 2026**, following the start, by the Ministry of the Environment and Energy Security, of the authorisation process for the **implementation of two interventions on the National Transmission Grid in the province of Milan**, Terna published a notice listing the cadastral plots affected by the project. The project, for which Terna will invest approximately €80 million, is aimed at ensuring electricity supply to future data centres in the north-west area of Milan. In particular, **a new substation will be constructed in the municipality of Nerviano, partially using gas-insulated switchgear (GIS) compact technology with reduced land use**. This solution involves the use of prefabricated modular components assembled within a civil building, reducing the footprint of the substation by approximately 40% compared with traditional installations. The substation will be connected to the existing "Turbigo ST – Ospiate" line through two new overhead connections and will be integrated into the surrounding landscape through environmental mitigation measures, including the planting of a tree buffer zone along its perimeter.

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Dismantling of transmission pylons in the urban area of Trento

On **10 March 2026**, **Terna began the removal of electricity transmission towers crossing the urban area of Trento**. A total of 12 km of overhead lines dating back to the 1940s will be dismantled, freeing approximately 35 hectares of land. The works will be carried out in two phases: more than half of the planned pylons will be removed by April. The second phase, scheduled for the following year, will complete the dismantling and enable the recovery of significant quantities of materials to be reused through specialised operators. The intervention forms part of the reconfiguration of Terna's 132 kV network in the Trento area, for which the company has invested over €40 million. The new infrastructure will ensure greater reliability in supplying electricity demand in the city of Trento, minimising transmission losses and resulting in a reduction in CO_2 emissions. Terna's Development Plan involves investments of €1 billion in the Trentino-Alto Adige region over the next ten years.

Authorisation process launched for a new underground power line in the Province of Biella

On **11 March 2026**, following the start, by the Ministry of the Environment and Energy Security, of the authorisation process for the construction of an underground cable in the Biella area, Terna published a notice listing the cadastral plots potentially affected by the project. **The project, for which Terna will invest over €35 million, involves the construction of a power line between the "Biella Nord" and "Cerreto Castello" primary substations.** The new infrastructure will complement the existing overhead lines with an underground supply connection, which is less exposed to damage caused by extreme weather events. The 13 km connection will involve the municipalities of Biella, Quaregna Cerreto, Valdengo and Vigliano Biellese and will be implemented using XLPE (cross-linked polyethylene) insulated cables, a state-of-the-art technology ensuring high reliability, efficiency and sustainability.

Works continue on the connection between Lula and Galtellì in the Province of Nuoro

On 13 March 2026, Terna communicated the continuation of works for the construction of a new 19 km underground cable power line connecting the primary substations of Lula and Galtelli in the Province of Nuoro. The project, for which Terna has invested approximately €50 million, forms part of initiatives to strengthen the local electricity grid and will enhance its efficiency and reliability. Activities are progressing in line with the project schedule: an initial phase of works will be completed by June 2026, while final completion of the project is expected by the first half of 2027. In order to comply with safety standards, during the execution of the works a reduction in carriageway width with temporary alternating traffic flow will be implemented, supported by appropriate signage and traffic light systems. To ensure effective management of the works, Terna maintains ongoing coordination with local authorities. Upon completion of the works, the company will restore the road surface along the entire section of the carriageway affected by the intervention.

Terna: production of renewable sources up 27.8% in February. Electricity consumption is still growing

On **18 March 2026**, it was reported that **in February 2026 the electricity demand in Italy grew by 2.1% compared to the previous year, reaching 25.4 billion kWh**. In the first two months of the year, the overall increase was 3.1%. Growth was uniform across the country. Renewable sources are booming (up 27.8%) and cover 37.9% of electricity demand. Wind power was the leading source this month, overtaking solar and hydroelectric power, with a sharp increase largely due to favourable weather conditions. Domestic production covers 83.5% of demand, whilst the remainder is imported. Thermoelectric and geothermal production are down. During the Milan-Cortina 2026 Winter Olympics, there was a sharp rise in energy consumption in the areas involved (up 38%, with peaks of 50%), but the electricity system remained stable thanks to investments of over €300 million. Industrial consumption continues to rise (up 4.6%, sixth consecutive month), with positive results especially in the steel and ceramic sectors. Consumption in the services sector also increased in 2025 (up 2.9%).

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Authorisation process initiated for the “Maida–Rizziconi” power line in the Province of Vibo Valentia

On **19 March 2026**, Terna initiated the authorisation process and convened the inter-agency services conference for **the construction of a rerouting of the Maida–Rizziconi power line within the territory of the Municipality of Polia, in the Province of Vibo Valentia**. Following the extreme weather events that affected Calabria between 18 and 21 January 2026, which caused a landslide near one of the line supports, the company decided to modify the route of the power line in the Municipality of Polia in order to relocate it outside unstable areas and mitigate associated risks. The intervention provides for the construction of three new supports and the dismantling of three existing pylons, with no impact on the remainder of the line. Works are scheduled to take place between May and September 2026. The “Maida–Rizziconi” power line, a strategic infrastructure for the electricity system in Southern Italy and for the interconnection with Sicily, will therefore continue to ensure the security and continuity of service. In the meantime, Terna has implemented safety measures and continuous monitoring activities, operating in coordination with local and regional authorities.

Dobbiaco-Sesto” underground cable connection authorised in the province of Bolzano

On **24 March 2026**, the **Autonomous Province of Bolzano authorised the Terna project for the construction of the new underground connection “Dobbiaco-Sesto”** that will extend for about 10 km and will connect the Dobbianco Substation to the future Primary Substation of Sesto. The connection, which will be entirely underground, will minimise environmental impact and will be constructed using XLPE (extruded cross-linked polyethylene) insulated cables, a state-of-the-art technology that ensures reliability, efficiency and sustainability.

Green light to the burial of the “Pettino-Scoppito” line in the province of L’Aquila

On **25 March 2026**, the Ministry of the Environment and Energy Security approved **Terna’s project to bury a power line in the Municipality of L’Aquila and modernise the Pettino substation**. The infrastructure, worth over €15 million, will serve to meet the growing local energy demand, improving the efficiency and reliability of the service. It involves the construction of an underground connection of about 2 km to replace the existing “Pettino-Scoppito” overhead line. Once the cable power line has been completed, it will be possible to demolish the corresponding overhead section – approximately 3 km long – and remove 10 pylons, thereby freeing up around 2 hectares of land. The project also includes the upgrading of the Pettino substation through the renovation of an existing section, which will be housed within a new building, and the construction of a new section featuring compact switchgear modules that take up less space.

The conflict in the Middle East

Following the most recent developments in the international geopolitical environment, and in particular the sudden escalation of tensions associated with military operations directly involving Iran, the United States and Israel, events have occurred subsequent to the reporting date that are classified as non-adjusting events.
The Group, which operates primarily in Italy and does not have significant operational or financial exposure in the countries directly affected by the above-mentioned events, has not identified any direct impacts on its operations, business activities or cash flows.
However, potential indirect effects remain, primarily related to volatility in energy commodity prices, possible disruptions to supply chains and broader macroeconomic dynamics, such as inflation and the cost of capital, which continue to be closely monitored by management.
As at the date of preparation of these financial statements, also in light of the regulated nature of the activities performed, these factors do not indicate impacts that would compromise the going concern assumption or require adjustments to the carrying amounts recognised in the financial statements.z

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Disclosure

pursuant to art. 149-duodecies of the CONSOB Issuers' Regulation

The following table, prepared pursuant to art. 149-*duodecies* of the CONSOB Issuers' Regulation, shows the fees paid for audit and other services provided to the Terna Group by the Parent Company's independent auditors and the network of the Parent Company's independent auditors in 2025.

(€)

	ENTITY PROVIDING SERVICE	FEES DUE FOR THE YEAR
Audit of the accounts and financial statements	Deloitte & Touche S.p.A.	241,736
Attestation and other services[45]	Deloitte & Touche S.p.A.	348,506
Total		**590,242**

[45] Assurance services and other engagements include services relating to the audit of regulatory accounts, the opinion on the distribution of interim dividends, the limited review of the Consolidated Sustainability Statement and the issuance of comfort letters in connection with bond issuances..

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Attestation

of the separate financial statements pursuant to art. 81-*ter* of CONSOB Regulation 11971 of 14 May 1999, as amended

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Terna

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Attestation of the separate financial statements pursuant to 81-*ter* of CONSOB Regulation 11971 of 14 May 1999, as amended

"Terna SpA"

1. The undersigned, Giuseppina Di Foggia, as Chief Executive Officer, and Francesco Beccali, as Manager responsible for Terna SpA's financial reporting, having also taken account of the provisions of art.154-*bis*, paragraphs 3 and 4 of Legislative Decree 58 of 24 February 1998, attest to:

- the adequacy with regard to the nature of the Company, and
- the effective application of the administrative and accounting procedures adopted in preparation of the separate financial statements during the year ended 31 December 2025.

2. The administrative and accounting procedures adopted in preparation of the separate financial statements for the year ended 31 December 2025 were drawn up, and their adequacy assessed, on the basis of the regulations and methods adopted by Terna SpA in accordance with the Internal Control–Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission. This Commission has established a body of general principles providing a standard for internal control and risk management systems that is generally accepted at international level.

3. We also attest that:

3.1 the separate financial statements for the year ended 31 December 2025:

a. have been prepared in compliance with the International Financial Reporting Standards endorsed by the European Union through EC Regulation 1606/2002, issued by the European Parliament and by the Council on 19 July 2002 and the statutory requirements implementing the provisions of art. 9 of Legislative Decree 38/2005;

b. are consistent with the underlying accounting books and records;

c. provide a true and fair view of the financial position and results of operations of the issuer.

3.2 the Directors' report on operations includes a reliable analysis of the operating and financial performance and situation of the issuer, as well as a description of the main risks and uncertainties to which it is exposed.

Rome, 26 March 2026

Chief Executive Officer — *(original signed)*

Manager responsible for financial reporting — *(original signed)*

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Report of the Board of Statutory Auditors

to the General Meeting of Shareholders of Terna S.p.A.

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BOARD OF STATUTORY AUDITORS' REPORT

TO THE ANNUAL GENERAL MEETING OF TERNA S.P.A.'s SHAREHOLDERS

under the terms of art. 153 of Italian Legislative Decree 58/1998 and art. 2429 of the Italian Civil Code

Dear Shareholders,

with this report, prepared under the terms of art. 153 of Legislative Decree 58/1998 (CLF) and art. 2429 of the Italian Civil Code, the Board of Statutory Auditors of Terna S.p.A. ("Terna" or also the "Company") details the activities carried out during the year ended 31 December 2025. The report has been prepared in compliance with the applicable legislation, taking into account the "Standards of Conduct for the Boards of Statutory Auditors of Listed Companies" recommended by the Italian Association of Chartered Accountants (*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*), the requirements and communications of CONSOB (the *Commissione Nazionale per le Società e la Borsa*, Italy's Securities and Exchange Commission) regarding corporate controls, and the guidelines contained in the Corporate Governance Code published by Borsa Italiana.

In particular, the report takes into consideration the indications contained in CONSOB communication DEM/1025564 of 2001, as amended by communication DEM/3021582 of 2003 and, later, by communication DEM/6031329 of 2006.

In addition, given that Terna has adopted the traditional governance framework, the Board of Statutory Auditors also fulfils the role of "Internal Control and Audit Committee", which is responsible for carrying out further specific controls and oversight over financial reporting, consolidated sustainability reporting and statutory auditing, as detailed in art. 19 of Italian Legislative Decree 39/2010, as amended by Italian Legislative Decrees 135/2016 and 125/2024.

The current Board of Statutory Auditors was elected by the Annual General Meeting of Terna Shareholders held on 9 May 2023 and will remain in office until approval of the financial statements for the year ended 31 December 2025. During 2025, the Board of Statutory Auditors performed its responsibilities holding 28 meetings. During the year, the Chairman of the Board of Statutory Auditors or its members attended 9 meetings of the Board of Directors; 10 meetings of the Audit and Risk Committee; 13 meetings of the Sustainability, Governance and Scenarios Committee; 14 meetings of the Remuneration and Nominations Committee; and 3 meetings of the Related-Party Transactions Committee; in addition to the Annual General Meeting of Shareholders held on 21 May 2025.

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During the year, the Board of Statutory Auditors, together with the Audit and Risk Committee, met the Supervisory Board in order to exchange information.

The Board of Statutory Auditors has its own Regulations governing the Body's role, organisation and operating methods, in line with the main organisational profiles envisaged by Terna's governance framework, in light of the principles and rules established by the Corporate Governance Code and the Standards of Conduct for the Boards of Statutory Auditors of Listed Companies.

Pursuant to Italian Legislative Decree 39/2010 (as subsequently amended by Italian Legislative Decree 135/2016), the statutory auditing of the accounts is performed by the independent auditors Deloitte & Touche S.p.A. (the "Independent Auditors"), appointed by the Annual General Meeting of 8 May 2019 for the nine-year period 2020 to 2028. The same Independent Auditors, having previously been assigned to verify and issue an attestation regarding the non-financial statement pursuant to Italian Legislative Decree 254/2016, have also been assigned to issue an attestation regarding the compliance of the sustainability report pursuant to Italian Legislative Decree 125/2024, based on the transitional rule contained therein.

1. OVERSIGHT ACTIVITIES

1.1 Oversight of compliance with the law and regulatory and statutory requirements

The oversight tasks assigned to the Board of Statutory Auditors are governed by art. 2403 of the Italian Civil Code, Legislative Decree 58/1998 and Legislative Decree 39/2010. The Board took into account the amendments to Legislative Decree 39/2010 introduced by Legislative Decree 135/2016, in implementation of Directive 2014/56/EU and EU Regulation 537/2014, as well as the amendments also made to Legislative Decree 39/2010 by Legislative Decree 125/2024, in implementation of the CSR Directive.

The Board periodically obtained information from the Directors, including through attendance at meetings of the Board of Directors and of board committees, regarding the activities performed and the operations of greatest economic and financial significance approved and carried out during the financial year by the Company, as well as those carried out by its subsidiaries pursuant to art. 150, paragraph 1 of the CLF. Based on the available information, the Board of Statutory Auditors is able to provide reasonable assurance that the above transactions were compliant with the law and the Articles of Association and were not manifestly imprudent, risky or in contrast with resolutions approved by the Annual General Meeting, or such as to compromise the value of the Company.

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Furthermore, transactions involving a potential conflict of interest were managed and approved in compliance with the law, the relevant regulations, the Articles of Association and the Guidelines LG006 "*Approval of Significant Transactions and Management of Situations of Interest*".

During the year, the Board has monitored the correct application of the Corporate Governance Code and, specifically, confirms the implementation of the recommendations announced by the Chairperson of the Corporate Governance Committee for 2025.

Due to their significance, the Board of Statutory Auditors notes the following key events during the year, referring readers to the Report on Operations for more detailed information:

- **ESG-linked Revolving Credit Facility**: an ESG-linked Revolving Credit Facility was signed for a total amount of 1.8 billion euros, aimed at refinancing the ESG Revolving Credit Facility signed in December 2021 for the original sum of 1.65 billion euros;
- **Standard & Poor's rating:** Standard & Poor's has upgraded Terna's long-term rating, raising it to "A-" from "BBB+", one notch above that of the Italian Republic, with a stable outlook. The short-term rating was confirmed at "A-2". The agency's review of the rating follows the upgrade of the rating assigned to the Italian Republic (from BBB to BBB+);
- **Moody's rating:** the long-term rating has been upgraded from "Baa2" to "Baa1", one notch above that of the Italian Republic. At the same time, the agency also upgraded the subordinated debt rating from "Ba1" to "Baa3" (investment grade) and changed Terna's outlook from positive to stable, confirming Terna's solid financial profile.
- **Bond issues**: as part of the Euro Medium-Term Notes (EMTN) programme, a single-tranche, fixed-rate green bond was issued in February, for a total of 750 million euro and a duration of seven years; as part of the new, 4 billion euro Euro Medium-Term Notes (EMTN) Programme listed on the Borsa Italiana Electronic Bond Market and approved in June by CONSOB, the first single-tranche, fixed rate European Green Bond was launched in July, for a total of 750 million euro and a duration of six years;
- **European Investment Bank financing:** financing agreements totalling 1.5 billion euros have been signed between the European Investment Bank (EIB), Terna, Intesa Sanpaolo (IMI CIB Division) and SACE to support the development and construction of the Adriatic Link, Terna's submarine power line linking the Marche and Abruzzo regions;
- **MACSE auction:** the first MACSE (Mechanism for the Procurement of Electrical Storage Capacity) auction took place, following which 10 GWh of storage capacity was allocated in the South and on

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the Islands, representing 100% of the required demand. The contracted systems, which consist of lithium-ion batteries, will come into operation in 2028.

- **ESG-Linked Credit Facility Agreement:** An ESG-Linked Credit Facility Agreement for a total amount of 200 million euros was signed in November, with a further ESG-Linked Credit Facility Agreement signed in December for a total amount of 300 million euros, confirming a constant commitment to introducing a business model designed to increasingly consolidate sustainability as a strategic lever;
- Approximately 481 km of lines, three substations and 29 NTG bays have been acquired as part of completing the 100% acquisition of Rete 2 S.r.l. from Areti, the owner of part of the Acea Group's high-voltage infrastructure located in the Rome metropolitan area;
- **Milan-Cortina 2026 Winter Olympic and Paralympic Games:** Terna has completed the work planned for the new high- and extra-high-voltage electricity grid for the Milan-Cortina 2026 Winter Olympic and Paralympic Games;
- **Hypermeteo:** Terna Forward S.r.l., a company within the Terna Group, has become a stakeholder in Hibot Corporation, a leading Japanese company in the field of robotics, and in Hypermeteo S.r.l., an Italian company which develops climate analyses with the support of Artificial Intelligence, making a total investment of approximately 2 million euros.

The Board of Statutory Auditors considers it appropriate to highlight the following significant events occurring after the end of the financial year, given their importance, referring readers to the relevant paragraph in the Notes to the Financial Statements and Consolidated Financial Statements for a more comprehensive and detailed analysis:

- in *early January 2026*, the laying of the first submarine cable for the western branch of the Tyrrhenian Link — one of the most significant infrastructure projects undertaken by Terna for the country — was completed. The connection links Sicily and Sardinia, reaching a depth of 2,150 metres: a world record for a high-voltage direct-current cable installed under the sea;
- on *15 January 2026*, the Top Employers Institute, a certification body that evaluates companies based on their HR policies and strategies, recognised Terna as a 2026 Top Employer;
- on *22 January 2026*, the leading international non-financial rating agency Standard Ethics confirmed Terna's Corporate Rating of "EE+" (corresponding to "Very Strong"), placing Terna in its top "Sustainable" category and among the leaders of the relevant sector, "Utilities";
- on *26 January 2026*, Terna S.p.A. successfully launched a non-convertible, hybrid, subordinate, perpetual European Green Bond aimed at institutional investors, with a fixed rate and a total nominal value of 850 million euros;

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- on *16 February 2026*, the formal launch of proceedings for the voluntary liquidation of the subsidiary "Terna 4 Chacas S.A.C." began;
- on *18 February 2026*, Terna was recognised as one of the world leaders in sustainability, achieving the highest "Top 1%" rating in S&P Global's "Sustainability Yearbook 2026", which assessed the ESG performance of over 9,200 companies;
- on *26 February 2026*, Terna Plus S.r.l. and Rete S.r.l., companies belonging to the Terna Group, signed a binding agreement with Engie Transmisiòn Perù S.A. (a company in the Engie Group) for the sale of 100% of the shares in the Terna Peru S.A.C. company, which owns a 138 kV, 132 km power line that links the electrical substations in Aguaytía and Pucallpa in Peru's Ucayali region;
- on *26 February 2026*, the Shareholders' Meeting of Gyala S.r.l. resolved to carry out an indivisible increase in capital for payment, for a total amount of 4,000,000.00 euros, including share premium, to be offered exclusively for subscription to: Terna Forward S.r.l., CDP Venture Capital SGR S.p.A., Deep Ocean Capital SGR S.p.A. and Ventive S.r.l..

In relation to the Corporate Governance Code, it is also noted that the company has continued a process to verify company procedures with a view to continuous improvement.

In the context of participation in the meetings of corporate bodies, and in the context of its own activities in general, the Board of Statutory Auditors has verified compliance with the law and the by-laws, with no critical issues revealed.

1.2 Oversight of compliance with the principles of good governance and the adequacy of the organizational structure

The Board of Statutory Auditors, within the scope of its responsibilities, has overseen the adequacy of the organisational structure and compliance with the principles of good governance, by obtaining information from the Board of Directors, the Chief Executive Officer and the heads of the company departments.

With reference to Italian-registered subsidiaries, and by obtaining information from the Boards of Statutory Auditors, the heads of the relevant company departments and the Independent Auditors as part of the reciprocal exchange of material data and information, the Board of Statutory Auditors has overseen:

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- the adequacy of the instructions issued by the Company to its subsidiaries, pursuant to art. 114 of the CLF;
- compliance with the principles of good governance;
- the adequacy of the organisational structure;
- the prompt communication of the information requested.

It should be noted that a report was drafted and approved for service subsidiaries, describing the administrative and accounting structure of the company and the methods and instruments adopted to ensure its correct operation, including in terms of the prompt detection of business crises and loss of the going-concern assumption, under the terms of Italian Legislative Decree 14/2019.

The annual reports prepared by the Boards of Statutory Auditors of the Italian-registered subsidiaries on the subsidiaries' financial statements have not identified any problems. Similarly, no concerns have been raised as a result of the information received from the Boards of Statutory Auditors of the main subsidiaries, including in the form of specific questionnaires completed and signed by their oversight bodies.

In relation to the Annual Financial Report, the information received during Board of Directors' meetings and from the Chief Executive Officer, from senior management, from the Boards of Statutory Auditors of subsidiaries and from the Independent Auditors has not provided evidence of transactions of an atypical and/or unusual nature with Group companies, or with third parties or related parties.

On the basis of this information, the Board of Statutory Auditors considers that the organisational structure of the Company, the procedures in place and the composition in terms of roles and responsibilities, are adequate for the size of the company and its type of business.

During the year, the Company took steps to implement or comply with the requirements established by Law, the Supervisory Authorities and the *Corporate Governance* Code.

1.3 Oversight of the internal control and risk management system

The Board of Statutory Auditors has overseen the adequacy of the internal control and risk management systems by taking part in all meetings of board committees and by:

- examining the report of the Audit and Risk Committee on its activities and on the adequacy of the internal control and risk management system;

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- examining the Annual Report produced by the Head of Internal Audit on the internal control system;
- examining the reports produced by the Supervisory Board pursuant to Legislative Decree 231/2001;
- holding periodic meetings, including attendance at Audit and Risk Committee meetings with the Audit Department and the Legal and Compliance units to assess the procedures for planning work, based on the identification and assessment of the main risks present in organisational processes and units;
- holding meetings with the risk management department in order to analyse the Group's strategic risks;
- holding meetings with senior management regarding the organisational and operational impacts of Terna's activities;
- examining the periodic reports prepared by the Audit department in coordination with the Company's Audit and Risk Committee;
- holding meetings with the Manager responsible for financial reporting;
- acquiring information from the oversight bodies of the Italian-registered subsidiaries, pursuant to the first and second paragraphs of art. 151 of the CLF, on material events involving Group companies and on the internal control system, through the completion of specific questionnaires;
- holding meetings with the Company's Supervisory Board;
- discussing the results of the work carried out by the Independent Auditors;
- participating regularly in meetings of the Company's Audit and Risk Committee, Remuneration and Nominations Committee, and Related-Party Transactions Committee;

- meeting with the Company's top management to discuss the adequacy of the administrative and accounting systems, in order to understand the current and potential risks to be managed;

- noting the results of the Board of Directors' assessment of the adequacy of Terna's organisational, administrative and accounting systems and those of its strategic subsidiaries.

The Company's Internal Audit department operates on the basis of a multi-year plan, which is reviewed annually. This defines the activities and processes to be audited using a risk-based approach. The plan was approved by the Board of Directors on 19 February 2025, having consulted the Audit and Risk Committee and the Board of Statutory Auditors.

The activities carried out by the Audit Department during the year covered a range of planned activities. The department's activities did not identify any major concerns, but did find areas for

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improvement, which are being closely monitored and will be addressed based on an established and verified schedule.

The Board of Statutory Auditors acknowledges that the annual report prepared by the Audit Department states that existing internal controls are reliable, and that the Audit and Risk Committee has concluded that the internal control and risk management system is adequate with respect to the size and nature of the company.

The Board of Statutory Auditors has acquired information on the adequacy of the organisational, administrative and accounting system of the Company and of its subsidiaries, bearing in mind the nature and size of the enterprise, including for the purposes of the provisions of the Crisis and Insolvency Code and particularly with regard to the instruments in place for risk management and tracking.

On the basis of the activity carried out, the information gathered, the content of the report produced by the Internal Audit Department, the positive opinions expressed by the Board of Directors and by the Audit and Risk Committee, as well as considering the dynamic and evolving nature of the Company's internal audit and risk-management system, and in light of the actions planned and implemented over time, the Board of Statutory Auditors concludes that no factors have emerged which would prevent the system from being considered adequate, effective and operational overall.

1.4 Oversight of the administrative and accounting system and the financial reporting process

The Board of Statutory Auditors has verified the adequacy of the administrative and accounting system and suitability of the latter for correct representation of management facts and actions, under the coordination of the Manager responsible for financial reporting, pursuant to Italian Law no. 262/2005, "Provisions for the protection of savings and the regulation of financial markets", as amended.

The Board of Statutory Auditors held periodic meetings with the Manager responsible for financial reporting in order to exchange information on the administrative and accounting system, and on the system's reliability in providing a true and fair view of operations.

The Board of Statutory Auditors also examined the attestation signed by the Chief Executive Officer and the Manager responsible for financial reporting, prepared in accordance with art. 154-bis of the CLF and presented to the Board of Directors on 26 March 2026, in line with the model established by Consob Regulation no. 11971 of 1999.

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On 26 February 2026, the Board of Directors approved the Impairment Testing procedure drawn up in accordance with the requirements of IAS 36, with the aim of providing guidelines for the performance of tests on the recoverability of assets within the Terna Group, while it approved the outcome of the application of the same procedure to the relevant items in the 2025 financial statements on 26 March 2026.

The Board oversaw (i) the Board of Directors' adoption of the procedure and, subsequently, (ii) the outcomes of the tests carried out by management, which confirmed the recoverability of the assets tested for impairment.

The Manager responsible for financial reporting and the Independent Auditors gave the Board confirmation that the instructions provided by the European Securities and Markets Authority (ESMA) in its document of 24 October 2024 on European common enforcement priorities were taken into account in the performance of the Impairment Test, as was the Consob Notice of 20 December 2024 regarding the impact of climate-related issues.

For exchanges of information defined by law, the Board of Statutory Auditors held periodic meetings with the independent auditors Deloitte & Touche Spa, receiving updates on the auditing of the accounts and the outcomes of checks performed. During these meetings, no critical issues or anomalies were identified regarding the proper keeping of company accounts, nor the proper recording of operations in the accounting records.

The Board of Statutory Auditors has therefore monitored observation of the procedural rules governing the financial disclosure process for financial statements and consolidated financial statements, and has not identified any shortcomings such as to invalidate its judgement of the adequacy and effective application of the administrative and accounting procedures.

1.5 Oversight of sustainability reporting

The Board of Statutory Auditors has examined the sustainability governance structure adopted by the company. The Board of Directors plays a key part in this regard within the scope of its role in providing strategic leadership, examining the medium- and long-term ESG goals set out in the Group's sustainability plan and assessing the Impacts, Risks and Opportunities (IROs) which emerge from the double materiality assessment.

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In fact, the Board of Directors avails itself of the activities of the Sustainability, Governance and Scenarios Committee, which is entrusted with carrying out research and making proposals in terms of ESG topics and processes, including those concerning sustainability reporting.

The Board has verified that the consolidated sustainability report is structured in a manner consistent with the provisions of Italian Legislative Decree 125/2024 and with the strategic objectives and company policies indicated, and that the report contains information both on the impact of the Group's activities on the environment, people and governance (the inside-out approach), and on how the risks and opportunities arising from sustainability matters affect the economic-financial performance of the enterprise (outside-in)

The Board has acquired information on the activities planned and then carried out by the Manager responsible for financial reporting for the purposes of attesting to compliance with the standards imposed by sustainability regulations and with the Taxonomy Regulation. Terna has opted to have the same Manager responsible for financial reporting prepare this attestation.

The Board has verified that the consolidated sustainability reporting was carried out by the directors in accordance with the reporting principles adopted by the European Commission pursuant to Directive 2013/34/EU (the European Sustainability Reporting Standard), and that the information contained in the "EU Taxonomy" paragraph was compiled in compliance with Regulation EU 852/2020 (the Taxonomy Regulation).

The Board of Statutory Auditors took into account the attestation issued by the Chief Executive Officer and by the Manager responsible for financial reporting regarding the compliance of the sustainability report with the standards applied pursuant to Directive 2013/34/EU and Italian Legislative Decree 125/2024, as well as in relation to its preparation following the specifications of EU Taxonomy Regulation 852/2020.

The Board of Statutory Auditors has therefore monitored observation of the procedural rules governing sustainability reporting, and has not identified any shortcomings such as to invalidate its judgement of the adequacy and effective application of the administrative and accounting procedures.

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1.6 Oversight of related-party transactions

Intra-group or related-party transactions are shown in the notes to the financial statements for 2025, under "Related-Party Transactions", showing transactions with the parent, subsidiaries and associated companies.

Related parties of the Company are identified on the basis of the principles established by IAS 24 and are in principle, represented by parent companies, companies connected to the Terna Group, subsidiaries that are not consolidated, associated companies or companies under joint control and other investee companies.

The Board of Statutory Auditors oversaw the compliance with applicable regulations of the Procedure adopted by TERNA S.p.A. regarding Related-party transactions (i.e. Guideline LG026 "*Related-Party Transactions Procedure*" and the corresponding Operating Instruction IO414CA), as amended by the Board of Directors on 16/06/2021 as amended, and the correct application of the applicable legislative and regulatory provisions.

2. INTERNAL CONTROL AND AUDIT COMMITTEE

2.1 Oversight of annual and consolidated account auditing

Under the terms of art. 19 of Legislative Decree 39/2010 as amended by Legislative Decree 135/2016, the Board of Statutory Auditors is also assigned the role of Internal Control and Audit Committee and, in this role, conducted the required oversight of the statutory audit of the annual and consolidated accounts.

The Board of Statutory Auditors held periodic meetings with the Independent Auditors, Deloitte & Touche S.p.A., in part pursuant to art. 150, paragraph 3 of the CLF, in order to exchange information. During these meetings, the Independent Auditors did not report omissions, shortcomings or irregularities requiring specific disclosure pursuant to art. 155, paragraph 2 of the CLF.

In conducting oversight of the financial statements, the Board of Statutory Auditors held periodic meetings with the Independent Auditors to examine the results of their assessment of the regular nature of accounting systems, to examine the audit plan for Terna and the Group and progress in implementation of the plan.

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The Board of Statutory Auditors and the Independent Auditors also engaged in continuous exchanges of information. In particular, the Board (i) noted an adequate level of professional scepticism; (ii) promoted effective and timely dialogue with the Auditors; (iii) oversaw, without identifying any concerns, the impact of remote working for the Independent Auditors' personnel, availing itself of the support provided by company departments.
The Board of Statutory Auditors (i) analysed the activities of the Independent Auditors and, in particular, the methods used, the audit approach applied to the various material components of the financial statements and to the planning of audit work, and (ii) discussed issues relating to the related business risks with the Independent Auditors, thereby enabling us to assess the adequacy of the auditors' plans with respect to the structural and risk profiles of the Company and the Group; (iii) continued in-depth examination of the *Audit Quality Indicators*.

The financial statements for the year ended 31 December 2025, accompanied by the Directors' report on operations and the attestation signed by the Chief Executive Officer and the Manager responsible for financial reporting, approved by the Board of Directors at the meeting held on 26 March 2026, were at the same time made available to the Board of Statutory Auditors in view of the Annual General Meeting of shareholders called for 12 May 2026. On 26 March 2026, Terna's Board of Directors approved the consolidated financial statements, as prepared by the Manager responsible for financial reporting and, pursuant to art. 154-bis of the CLF, accompanied by the attestation signed by the Chief Executive Officer and the Manager responsible for financial reporting.

On 20 April 2026, the Independent Auditors issued their audit reports, pursuant to art. 14 of Legislative Decree 39/2010 as amended by Legislative Decree 139/2016 and art. 10 of Regulation (EU) 537/2014, on the separate financial statements and the Terna Group's consolidated financial statements for the year ended 31 December 2025, prepared in compliance with the International Financial Reporting Standards – IFRS adopted by the European Union.

In terms of opinions and attestations, in their audit reports on the separate and consolidated financial statements the Independent Auditors have:

- issued an opinion stating that Terna's separate financial statements and the Terna Group's consolidated financial statements provide a true and fair view of the financial and equity situation of the Company and Group at 31 December 2025, and of the economic result and cash flows for the year ended on that date, in conformity with the International Financial Reporting Standards adopted by the European Union, as well as with provisions issued in implementation of art. 9 of Legislative Decree 38/2005

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- issued the opinion that the Report on Operations accompanying the separate and consolidated financial statements for the year ended 31 December 2025 and certain specific information in the "Report on Corporate Governance and Ownership Structures" indicated in art. 123-*bis*, paragraph 4 of the CLF, responsibility for which lies with the Directors of Terna, are consistent with the annual financial statements and the consolidated financial statements, and are prepared in accordance with the law;
- declared that, with regard to potential material errors in the Report on Operations, based on the information obtained and their understanding of the Company and associated context acquired during audit activities, they had nothing to report;
- declared that the annual financial statements were prepared in XHTML format in compliance with the provisions of Delegated Regulation (EU) 2019/815 and that the consolidated financial statements were compiled in all material ways in compliance with the provisions of the Delegated Regulation.

On 20 April 2026, the Independent Auditors also presented the Board of Statutory Auditors with the additional report required by art. 11 of Regulation (EU) 537/2014, in which the auditors do not identify any significant shortcomings relating to the system of internal controls over financial reporting, to be brought to the attention of persons involved in the governance of the Company. The Board of Statutory Auditors will inform the Company's Board of Directors of the outcome of the statutory audit, providing the Directors with the Additional Report required by art. 11 of Regulation (EU) 537/2014, accompanied by any observations, pursuant to art. 19 of Legislative Decree 39/2010, as extended by Legislative Decree 135/2016 and Regulation (EU) 537/2014.

In the aforementioned Additional Report, the Independent Auditors presented the Board of Statutory Auditors with the declaration regarding their independence, as required by art. 6 of Regulation (EU) 537/2014, which does not contain evidence of any situations that might compromise such independence.

The Independent Auditors received attestation and other engagements during 2025, as described in the Annual Financial Report for 2025, prepared in accordance with art. 149-*duodecies* of the Regulations for Issuers.

The fees for these engagements amount to €348,506, broken down as follows:

- Audit of separate annual accounts (unbundling) for ARERA €9,427
- Opinion on payment of interim dividends €19,085

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- Attestation of the Consolidated Sustainability Report €185,680
- Issue of EMTN comfort letters and other documents €66,814
- Limited review of the 2024 Green Bond Report €40,500
- Attestation regarding ARERA revenue €7,000
- Limited review of 2024 ESG Key Performance Indicators €20,000

2.2 Oversight of the consolidated sustainability reporting process and the abridged audit thereof by the independent auditors

In its role as the Internal Control and Audit Committee, pursuant to art. 19 of Italian Legislative Decree No. 39 of 27 January 2010, the Board of Statutory Auditors has examined the consolidated sustainability reporting process and the related procedures put in place by the company for the purposes of compliance with the standards adopted by the European Commission, including the use of an electronic format; moreover, it has checked the effectiveness of the internal control, quality and risk management system as well as that of the internal audit in relation to the sustainability report.

Terna has:

- an Internal Control System for Sustainability Reporting (SCIIS);
- a process for preparing the consolidated Sustainability Report.

The SCIIS has been prepared based on national and international Leading Practices (the COSO Report on sustainability declarations) and is an integral part of the Terna Group's internal control and risk management system.

The SCIIS aims to ensure the reliability of the sustainability report, and its compliance with the reporting standards set at European level (ESRS) as well as with the specifications adopted pursuant to article 8, paragraph 4, of EU Regulation 2020/852 (the so-called EU Taxonomy).

Terna has overseen the process of drawing up sustainability information for some years already, setting out the roles and responsibilities of the parties involved in reporting in specific documentation and providing a description of the key indicators of sustainability in a special manual. These rules are constantly updated in order to comply with the latest regulatory developments, particularly in accordance with Italian Legislative Decree No. 125/2024 implementing the new Corporate Sustainability Reporting Directive (CSRD), Directive 2022/2464/EU.

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The Manager responsible for reporting, based on Italian Legislative Decree No. 125/2024 which amended art. 154-bis of the CLF, has attested to the compliance of the consolidated sustainability report with the European Sustainability Reporting Standards (ESRS) and with art. 8 of EU Regulation 2020/852 (the so-called Taxonomy Regulation).

The Board of Statutory Auditors has acquired information regarding the structures responsible for the process of drawing up the sustainability report, and verified the existence of:

- an adequate organisational structure responsible for sustainability reporting;
- an adequate administrative and accounting system;
- directives, procedures and operating practices adopted in order to ensure that the consolidated sustainability reporting is both complete and reliable;
- adequate, regular flows of information, both in terms of quantity and quality, for the preparation of the sustainability report.

The Board of Statutory Auditors monitored the attestation of the consolidated sustainability report, engaging in a regular exchange of information with the auditors of the sustainability report, and carried out an analysis of the methodological system which they adopted.

The Manager responsible for financial reporting and the Independent Auditors gave the Board of Statutory Auditors confirmation that their verifications took into consideration the instructions provided by the European Securities and Markets Authority (ESMA) in its "European Common Enforcement Priorities" published on 14 October 2025, including in relation to the climate information provided in the consolidated Sustainability Report.

On 20 April 2026, the Independent Auditors issued their report on the limited review of the consolidated sustainability report in accordance with Italian Legislative Decree 125/2024, with the following conclusions:
"On the basis of the work we have carried out, no matters have come to our attention that would cause us to conclude that:

- the Terna Group's consolidated sustainability report for the financial year ended 31 December 2025 has not been prepared, in all material aspects, in compliance with the reporting principles adopted by the European Commission pursuant to Directive (EU) 2013/34 the (European Sustainability Reporting Standards, hereinafter also the "ESRS");

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- the information contained in the "EU Taxonomy" paragraph of the consolidated sustainability report has not been prepared, in all material aspects, in compliance with art. 8 of Regulation (EU) No. 852 of 18 June 2020 (hereinafter also referred to as the "Taxonomy Regulation").

Based on the information acquired through the course of carrying out its oversight activities, the Board of Statutory Auditors has no observations to make in relation to the aspects of this matter which fall within its remit, including in its role as Internal Control and Audit Committee.

3. OTHER ACTIVITIES

3.1 Method for effective implementation of corporate governance rules

In carrying out its duties, as required by art. 2403 of the Italian Civil Code and art. 149 of the CLF, the Board of Statutory Auditors monitored the effective implementation of the corporate governance rules provided for in the corporate governance codes that Terna has stated that it has adopted. The Company adheres to the Corporate Governance Code drawn up by Borsa Italiana and has prepared, pursuant to art. 123-*bis* of the TUF, the annual "Report on Corporate Governance and Ownership Structures".

The report provides information on, among other things (i) ownership structures; (ii) the corporate governance rules adopted; (iii) the internal control and risk management system; (iv) procedures for General Meetings of shareholders; (v) shareholder rights and how they are exercised; (vi) composition and terms of reference of the management and oversight bodies and board committees.

The Board of Directors approved the "Report on Corporate Governance and Ownership Structures" on 26 March 2026.

The Board of Statutory Auditors has verified the correct application of the criteria and procedures adopted by the Board of Directors for assessing the independence of its members in accordance with the procedure adopted by the Board of Directors.

The Board of Directors, with the assistance of an external consulting firm, has conducted a board review, whose findings were discussed at the meeting held on 26 March 2026 and described in Terna's Report on Corporate Governance.

With the support of the consulting firm, the Board of Statutory Auditors performed its annual board review, discussing the findings during the meeting on 2 March 2026.

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3.2 Remuneration policies

The Board of Statutory Auditors has audited the processes involved in drawing up the Company's remuneration policies, with particular regard to the criteria used in determining the remuneration of the Chief Executive Officer and Senior Managers with strategic responsibilities, providing, where required by law, the related opinions.

As proposed by the Remuneration and Appointments Committee, the Board of Directors' meeting of 26 March 2026 approved the "*Report on the Remuneration Policy and Remuneration Paid*" prepared pursuant to art. 123-*ter* of the CLF and in compliance with art. 5 of the Code of Corporate Governance.

The Board of Statutory Auditors has examined the Report on Remuneration indicated above, and has verified its compliance with legal and regulatory provisions, its clarity, and the completeness of its information with regard to the remuneration policy adopted by the Company.

3.3 Reports, complaints, omissions or shortcomings, opinions provided and initiatives undertaken

During the 2025 financial year, the Board of Statutory Auditors received no complaints pursuant to art. 2408 of the Italian Civil Code, and no reports from third parties. It also notes that the Company has not been notified of any appeals regarding complaints to the Courts pursuant to the first paragraph of art. 2409 of the Italian Civil Code; nor has the Company itself needed to make any complaints pursuant to the seventh paragraph of art. 2409 of the Italian Civil Code.

On the basis of our activities and the information obtained, the Board of Statutory Auditors is not aware of any omissions, shortcomings, irregularities or any other circumstances that require reporting to the supervisory authorities or mention in this report.

The Board of Statutory Auditors also expressed the opinions required by law.

The Board of Statutory Auditors, in the context and within the limits of its duties and functions, continues to monitor the ongoing procedure for assessment and improvement of the internal organisational structure initiated by the Company.

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3.4 Review of the Board of Statutory Auditors

In accordance with Standard Q.1.1 in the Standards of Conduct for the Boards of Statutory Auditors of Listed Companies, the Board has, with the assistance of an external consulting firm, conducted a review of its composition, size and performance, presenting the outcome to the Board of Directors at the meeting held on 26 March 2026. With regard to the requirements and competencies of individual members and of the Board as a whole, the Review confirmed that:

- in addition to satisfying the related integrity and professional requirements, and there being no evidence of the grounds for disqualification provided for in the relevant legislation, all the Standing Auditors meet the independence requirements provided for in the *Corporate Governance* Code;
- the Board of Statutory Auditors guarantees the gender and age diversity of its members
- each Standing Auditor possesses ample knowledge and experience in several areas of expertise
- the Board of Statutory Auditors possesses an adequate level of expertise overall.

4. CONCLUSIONS

Based on the above, and considering the content of the reports issued by the Independent Auditors and the attestations released jointly by the Chief Executive Officer and the Manager responsible for financial reporting, the Board of Statutory Auditors, within the scope of its responsibilities, expresses a favourable opinion on the approval of Terna's financial statements for the year ended 31 December 2025 and on the appropriation of net profit for the year of 989,075,987 euro as proposed by the Board of Directors.

Finally, we remind you that the approval of the financial statements for the 2025 financial year marks the conclusion of this Board of Statutory Auditors' term of office, and that the General Meeting convened for this approval is also required to appoint the Supervisory Body for the next three financial years and to determine its remuneration. On 2 March 2026, the Board of Statutory Auditors drew up guidelines on the composition and remuneration of the new Board of Statutory Auditors. This document was made available to shareholders on 9 March 2026.

Rome, 20 April 2026

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The Board of Statutory Auditors

Mario M. Busso (Chair of the Board of Statutory Auditors)

Lorenzo Pozza (Statutory Auditor)

Antonella Tomei (Statutory Auditor)

This translation was prepared by TERNA exercising its best diligence. However, TERNA shall not be liable or otherwise responsible for its use and any damages or losses resulting out of its use in any individual case and in whatever jurisdiction. Moreover, it is recalled that the only official version of the Report is the Italian version signed by the members of the Board of Statutory Auditors.

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Report of the Independent Auditors

pursuant to article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) 537/2014 - Separate Financial Statements as at 31 December 2025

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INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Terna S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Terna S.p.A. (the "Company"), which comprise the statement of financial position as at 31 December 2025, the income statement, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Il nome Deloitte si riferisce a una o più delle seguenti entità: Deloitte Touche Tohmatsu Limited, una società inglese a responsabilità limitata ("DTTL"), le member firm aderenti al suo network e le entità a esse correlate. DTTL e ciascuna delle sue member firm sono entità giuridicamente separate e indipendenti tra loro. DTTL (denominata anche "Deloitte Global") non fornisce servizi ai clienti. Si invita a leggere l'informativa completa relativa alla descrizione della struttura legale di Deloitte Touche Tohmatsu Limited e delle sue member firm all'indirizzo www.deloitte.com/about.

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Investments for the operation and development of the electricity transmission grid, relevant for the purposes of determining the transmission and dispatching activities charges

Description of the key audit matter	As of 31 December 2025, the Company accounts in "Property, plant, and equipment" for an amount equal to Euro 19.587 million and in "Intangible assets" for an amount equal to Euro 913 million, the investments made for operation and development of the Italian national transmission grid (NTG) for high and extra-high voltage power. Investments made in the financial year relating to these items totaled Euro 3.435 million. The Company operates as a natural monopoly and within a market regulated by the Italian Regulatory Authority for Energy, Networks and Environment (Autorità di Regolazione per Energia Reti e Ambiente, "ARERA"), which defines, among the others, the rules for the remuneration of the transmission and dispatching services. In particular, the regulated revenues for these services are determined annually by ARERA providing a predefined return on the regulatory net invested capital recognized (RAB – Regulated Asset Base) and the recovery of the related depreciation and of some operating expenses. The RAB value is determined by ARERA mainly through the revalued historical cost method. We believe that investments for the operation and development of the electricity transmission grid represent a key audit matter for the Company's financial statements as of 31 December 2025 due to: i) the relevance of the tangible and intangible assets related to operation and development of the electricity transmission grid compared to the Company's total assets, ii) the relevance of the investments made during the year, iii) the circumstance that such investments affect the determination of the fees for the transmission and dispatching services. Notes "11. Property, plant, and equipment" and "13. Intangible assets" of the financial statements include the disclosure on the investments for the operation and development of the electricity transmission grid.
Audit procedures performed	With reference to investments for the operation and development of the electricity transmission grid, our audit procedures included, among the others, the following: • understanding of the process and the relevant controls related to the recognition of such investments in the financial statements; • critical analysis and in-depth insights of the composition of investments made during the year;

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- selection of a sample of investments made during the year and test of the compliance with the capitalization criteria provided by accounting standards;

- test the accurate start of depreciation when the asset is available for use for a sample of investments entered into depreciation during the year;

- test the correct application of the depreciation rates and recalculation of the amortization and depreciation for the year.

Finally, we assessed the adequacy of the disclosure provided in the notes to the financial statements and its compliance with the accounting standards.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Terna S.p.A. has appointed us on 8 May 2019 as auditors of the Company for the years from 31 December 2020 to 31 December 2028.

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We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Terna S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the financial statements as at 31 December 2025, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at 31 December 2025 have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

Opinions and statement pursuant to art. 14, paragraph 2, sub-paragraphs e), e-bis) and e-ter), of Legislative Decree 39/10 [and pursuant to art. 123-bis, paragraph 4, of Legislative Decree 58/98]

The Directors of Terna S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Terna S.p.A. as at 31 December 2025, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the report on operations and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements;
- express an opinion on the compliance with the law of the report on operations, excluding the section related to the consolidated sustainability statement, and of some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98;
- make a statement about any material misstatement in the report on operations and in some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98.

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In our opinion, the report on operations and the specific information contained in the report on corporate governance and ownership structure are consistent with the financial statements of Terna S.p.A. as at 31 December 2025.

In addition, in our opinion, the report on operations, excluding the section related to the consolidated sustainability statement, and the specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Our opinion on the compliance with the law does not extend to the section related to the consolidated sustainability statement. The conclusions on the compliance of that section with the law governing criteria of preparation and with the disclosure requirements outlined in art. 8 of the EU Regulation 2020/852 are expressed by us in the assurance report pursuant to art. 14-bis of Legislative Decree 39/10.

DELOITTE & TOUCHE S.p.A.

Signed by
Maria Ginevra De Romanis
Partner

Rome, Italy
April 20, 2026

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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Green Bond Report 2025

Introduction

As at 31 December 2025, Terna had issued eight senior Green Bonds (of which one qualified as a European Green Bond pursuant to Regulation (EU) 2023/2631 on European Green Bonds) under its Euro Medium Term Note (EMTN) programmes,[1] as well as two subordinated hybrid perpetual green bonds issued on the basis of standalone prospectuses, for a total amount exceeding €6.5 billion[2] (hereinafter, the "**Green Bonds**" or "**Bonds**"). Details of the outstanding individual green issues are provided below:

- on 3 April 2019 a green bond was issued for a total nominal amount of €500 million with a maturity of 7 years;
- on 17 July 2020 a green bond was issued for a total nominal amount of €500 million with a maturity of 12 years;
- on 16 June 2021 a green bond was issued for a total nominal amount of €600 million with a maturity of 8 years;
- on 2 February 2022 Terna launched its first subordinated hybrid perpetual non-convertible green bond of €1 billion;
- on 17 July 2023 a new green bond was issued for €650 million with a maturity of 10 years;
- on April 4, 2024, Terna launched an additional issue of a perpetual, subordinated, hybrid, non-convertible, green bond in the amount of €850 million;
- on 10 February 2025 a green bond was issued for a total nominal amount of €750 million with a maturity of 7 years;
- on 15 July 2025 Terna launched its first European Green Bond for €750 million with a maturity of 6 years.

The net proceeds from the issuances are allocated to the financing of the Company's "**Eligible Green Projects**", identified in accordance with the **Green Bond Principles** issued in 2018 and subsequent updates published by the International Capital Market Association ("ICMA").

At 31 December 2025, Terna had drawn up and published six "**Green Bond Frameworks**" to facilitate the transparency and the quality of the green bonds issued.

The first was adopted in July 2018, the second in July 2020, the third in June 2021, the fourth in January 2022, the fifth in October 2023, while the sixth was published in July 2025. The Frameworks and the "Second Party Opinions", prepared by independent advisors, are available to the public on the Company's website (www.terna.it).

In this regard, it should be noted that the first bond refers to the Green Bond Framework prepared in 2018, the second bond to the July 2020 Green Bond Framework, the third bond to the June 2021 Green Bond Framework, the subordinated hybrid perpetual issuance of 2 February 2022 and the bond of 17 July 2023 to the January 2022 Green Bond Framework, the subordinated hybrid perpetual issuance of 4 April 2024 and the bond of 10 February 2025 to the October 2023 Green Bond Framework, while the European Green Bond of 15 July 2025 was issued in accordance with the Green Bond Framework updated in July 2025 and with the European Green Bond Factsheet relating to that instrument.

[1] Specifically: (i) the EMTN Programme, authorised by the Commission de Surveillance du Secteur Financier (CSSF) and listed on the Luxembourg Stock Exchange, for a total amount of €12 billion, and (ii) the EMTN Programme listed on the Mercato Telematico delle Obbligazioni (MOT) of Borsa Italiana and approved by CONSOB, for a total amount of €4 billion.

[2] Note that on 26 January 2026 a perpetual, subordinated, hybrid, non-convertible European Green Bond of €850 million was launched, which is not, however, covered by this reporting.

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The agency engaged to supply Second Party Opinions[3] for all of Terna's green issues assessed the contribution of all these bond issues to sustainability and assigned them the best possible rating. Similarly, the assessment of the Green Bond Frameworks confirmed full alignment with the requirements of the ICMA Green Bond Principles and – for the more recent versions of the framework – also with the recommendations of the EU Taxonomy[4]. With reference to the 2025 financial year, this alignment was confirmed through the mapping of the Group's operations to identify those eligible and aligned under the Taxonomy. The analysis showed that all investments made to implement the Eligible Green Projects described in this report are aligned with the climate change mitigation objective. Finally, the independent advisors considered the Eligible Green Projects of the various issuances to be aligned with the following UN SDGs:

UN SDGs



Ensure access for all to affordable, reliable, sustainable and modern energy systems.



Build resilient infrastructure and promote inclusive, sustainable industrialisation and innovation.



Take urgent action to combat climate change and its impacts.

With this reporting document, Terna fulfils the commitment undertaken at the time of issuance of the Bonds to report annually on the use of proceeds and the environmental benefits deriving from the projects financed with those proceeds. In addition to updating the report on the issues of June 2021, February 2022, July 2023 and April 2024, this edition of the Green Bond Report provides information for the first time on the issue carried out in February 2025. In the relevant section set out at the end of this document, information relating to the allocation and impacts of the European Green Bond of 15 July 2025 is also presented for the first time, subject to specific disclosure in line with the provisions set out in Regulation (EU) 2023/2631.

The indicators shown in the following tables have been determined in accordance with the "Green Bond Framework", showing the relevant amounts, how the proceeds have been allocated and the main environmental benefits for each environmental category within which the projects must fall in order to qualify as "eligible".

[3] All Second Party Opinions given with reference to the green bonds issued by Terna are available at the following link: https://www.terna.it/en/investors/debt-rating/sustainable-finance/green-bonds.

[4] As at the date of this report, the most recent version of Terna's Green Bond Framework, published in July 2025, was prepared in accordance with the latest versions of the ICMA Green Bond Principles, the requirements introduced by Regulation (EU) 2023/2631 (European Green Bond Standard), as well as the criteria set out in the European Union Taxonomy.

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The description of the categories of environmental benefits considered in the Green Bond Frameworks reported herein is set out below:

Environmental Benefits

CATEGORY OF ENVIRONMENTAL BENEFIT	DESCRIPTION
Renewable energy	Projects aimed at increasing the integration of energy generated from renewable energy plants (mainly wind and solar): - Connection of renewable energy plants (grid infrastructure intended to directly connect renewable generation plants to the transmission grid). - Integration of renewable energy generation in order to improve grid stability (grid infrastructure enabling increased input of renewable generation into the transmission grid, for example by resolving congestion in a specific section of the grid).
Energy efficiency	Projects aimed at reducing CO_2 emissions of the electricity system through the reduction of grid losses: - Grid infrastructure enabling greater transmission efficiency (reduction of the difference between energy generation and consumption, all else being equal).
Quality, security and resilience of electricity transmission infrastructure	Projects aimed at ensuring the quality, security and resilience of electricity transmission infrastructure: - Investments included in the Development Plan of the National Transmission Grid aimed at ensuring service quality and security, in order to address operational issues also linked to the energy transition characterised by the phase-out of thermoelectric plants and the integration of renewable sources. - Investment in the construction of new power lines and/or substations with the aim of boosting the resilience of the national transmission grid ("NTG") in the areas of Italy most exposed to severe weather events (e.g., high winds, snow and ice).

As indicated in Terna's Green Bond Frameworks, the benefits arising from the completion of Eligible Green Projects included in the categories "Renewable energy", "Energy efficiency" and "Quality, security and resilience of electricity transmission infrastructure" can be measured both in MWh and in terms of avoided greenhouse gas emissions. With reference to the green bonds covered by this report, **these benefits are estimated at approximately 13.8 million tonnes of CO2e per year.**[5]

[5] The total value is given by the sum of the contributions of the individual bonds as follows: approximately 2 million tonnes of CO2 for the issue of 16 June 2021, approximately 2.3 million tonnes of CO2 for the issue of 02 February 2022, approximately 3.1 million tonnes of CO2 for the issue of 17 July 2023, approximately 1.1 million tonnes of CO2 for the issue of 04 April 2024, approximately 5.2 million tonnes of CO2 for the issue of 10 February 2025, and approximately 41 thousand tonnes of CO2 for the issue of 15 July 2025. The calculation was made taking into account the share of thermoelectric generation in total Italian electricity production for 2025. The reference for the breakdown of the production mix is the December 2025 issue of the "Monthly Report on the Electricity System", available on the website www.terna.it.

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FOCUS

How we manage our Eligible Green Projects

In planning and implementing its investments, Terna adopts a wide range of safeguards and mitigation measures aimed at limiting any potential negative impacts on stakeholders and the environment, ensuring:

- **the protection of nature and biodiversity**: Terna's approach is inspired by the mitigation hierarchy and is oriented, from the planning phase - applying the ERPA criteria for the Strategic Environmental Assessment (SEA) of the Development Plan - to the habitat restoration phase, to minimise any negative impacts, also implementing voluntary initiatives aimed at enhancing the interactions of its assets with nature to achieve net positive impacts, developing its own tools, methodologies and measurement techniques (e.g. Ecological Incremental Index)[6];

- **efforts to tackle climate change**: in devising its development strategy and planning its investment, which includes the eligible green projects, Terna focuses on achieving the decarbonisation targets set at Italian and EU level (the development scenarios developed in this regard are based on the trajectories provided for in the EU's Fit For 55 package and the National Integrated Energy and Climate Plan - NECP 2024). At the same time, climate change and rising temperatures may affect grid infrastructure. Hence the need to ensure the resilience of the Italian electricity system to the threats posed by increasingly frequent extreme weather events. To this end, each year Terna prepares a Resilience Plan defining all the initiatives aimed at preventing and/or reducing damage to the electricity grid caused by such weather events[7];

- **respect for social requirements and the needs of local communities**: Terna takes care to respect workers' rights and the needs of the communities affected by its business activities, and has adopted a series of prescriptive operational measures, including policies and guidelines, procedures and management and control systems to ensure respect throughout the supply chain. Listening to stakeholders is also key. In fact, Terna is constantly committed to establishing and implementing the most efficient forms of engagement and participatory planning, with particular focus on local communities affected by grid development projects.[8]

[6] See the "Protecting Biodiversity" section of the 2025 Consolidated Sustainability Statement for more details.
[7] See the "Climate Change" section of the 2025 Consolidated Sustainability Statement for more details.
[8] See the "Local Communities" section of the 2025 Consolidated Sustainability Statement for more details.

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Green bond allocation and impact reporting

Allocation reporting

Information on how the proceeds from the bond issues of June 2021, February 2022, July 2023, April 2024 and February 2025 have been used is provided below, showing aggregate amounts and data for each Eligible Green Project at 31 December 2025.

Moreover, for the five Bonds, the allocation split between the financing of projects yet to be completed and the refinancing of projects already completed at the bond issuance date (% refinancing out of total) is provided, together with the balance of unallocated proceeds and/or proceeds still held by the issuer as at 31 December 2025. In accordance with Terna's green bond framework, the report for 2025 takes into account certain changes with respect to the reports for previous years. These are primarily due to the reshaping of a number of projects included in the original baskets due to updated completion times. Thus, in order to meet the requirements of the green bond framework, the following tables show the effects of this change and summarise that which has been allocated to the different projects so far.

Finally, with regard to the issues of April 2019 and July 2020, the related proceeds had been fully allocated by the time of the previous reports. As a result, the issues are not covered in this report. Further details are provided on page 7 of the Green Bond Report 2024 and on page 7 of the Green Bond Report 2023.

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Issue of 16 June 2021

INDICATOR DESCRIPTION	AMOUNT (€000)
Total amount of the basket at the time of the Green Bond's issuance	615,050
- % of basket refinanced[9]	11
Net proceeds of the Green Bond	597,594
Green Bond proceeds allocated as at 31/12/2025	As at 31/12/2025 the bond is fully allocated
Cash/cash equivalents held by the issuer as at 31/12/2025	

CATEGORY OF ELIGIBLE GREEN PROJECT	ELIGIBLE GREEN PROJECT	PROCEEDS ALLOCATED AT 31 DECEMBER 2025 (€000)
Renewable energy	SYNCHRONOUS COMPENSATOR VILLANOVA	36,557
	SYNCHRONOUS COMPENSATOR CODRONGIANOS	35,138
	SYNCHRONOUS COMPENSATOR SUVERETO	37,082
	SYNCHRONOUS COMPENSATOR ROSARA	40,155
	132 KV PRATI DI VIZZE-STEINACH POWER LINE	16,244
	132 KV APECCHIO SUBSTATION	2,515
	ENERMAC CONNECTION	30,975
TOTAL Renewable energy		***198,665***
Energy efficiency	TERAMO VILLANOVA HV GRID RECONFIGURATION	24,987
TOTAL Energy efficiency		***24,987***
Quality, security and resiliency of electricity transportation Infrastructure	132 KV REINFORCEMENTS GENOA METROPOLITAN AREA	26,508
	380-150 KV PALO DEL COLLE SUBSTATION	9,262
	UPGRADE OF NORTH SCHIO GRID	7,608
	ALTO BELLUNESE GRID RECONFIGURATION	45,130
	380 KV UDINE WEST-REDIPUGLIA POWER LINE	16,386
	ITALY – FRANCE INTERCONNECTION	169,234
	132 KV ELBA-MAINLAND POWER LINE	99,173
	REORGANISATION OF SORRENTINE PENINSULA HV GRID	9,225
TOTAL Quality, security and resiliency of electricity transportation Infrastructure		***382,527***
GRAND TOTAL		**606,178**

The sum of the individual items and the subtotals and totals shown in the table may differ by a few units due to rounding applied in the presentation of the data.

[9] The refinanced projects, consistent with the commitment made in the Green Bond Framework of June 2021, were completed no later than 36 months from the last Annual Financial Statements prior to the date of issue of the Green Bond in question (16/06/2021).

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Issue of 2 February 2022

INDICATOR DESCRIPTION	AMOUNT (€000)
Total amount of the basket at the time of the Green Bond's issuance	1,033,817
- % of basket refinanced[10]	75
Net proceeds of the Green Bond	991,360
Green Bond proceeds allocated as at 31/12/2025	As at 31/12/2025 the bond is fully allocated
Cash/cash equivalents held by the issuer as at 31/12/2025	

CATEGORY OF ELIGIBLE GREEN PROJECT	ELIGIBLE GREEN PROJECTS	PROCEEDS ALLOCATED AT 31 DECEMBER 2025 (€000)
Renewable energy	BELCASTRO SUBSTATION	40,379
	SCANDALE-MAGISANO CONNECTIONS	4,071
	ITALY - MONTENEGRO INTERCONNECTION	634,091
	MORCONE SUBSTATION	10,044
	PONTELANDOLFO SUBSTATION	13,840
	PONTELANDOLFO-CASTELPAGANO POWER LINE	9,677
	RUMIANCA SUBSTATION	1,141
	MATERA SUBSTATION EXPANSION	8,036
	CATANZARO SUBSTATION EXPANSION	455
	AERO TANNA - PARTANNA SUBSTATION CONNECTION	614
	AM RENEWABLE ENERGY CONNECTION	10,150
	METORA CONNECTION	9,379
	PRATI DI VIZZE-STEINACH POWER LINE	2,070
	RATIONALISATION IN THE CITY OF AREZZO	13,396
	REMOVAL OF CONSTRAINTS IN THE SOUTH-CENTRAL – NORTH CENTRAL AREAS	29,079
TOTAL Renewable energy		***786,423***
Energy efficiency	PATERNÒ - PANTANO - PRIOLO POWER LINE	92,450
TOTAL Energy efficiency		***92,450***
Quality, security and resiliency of electricity transportation Infrastructure	CELANO SUBSTATION	20,902
	RATIONALISATION IN THE CITY OF MILAN	9,844
	CAMIN-DOLO LINE	7,220
	BARI NORD SUBSTATION	1,106
	RATIONALISATION IN THE CITY OF NAPLES	17,301
	SCHIO SUBSTATION	20,821
	WEST ROME–SOUTH WEST ROME GRID STREAMLINING	7,747
	COSTALUNGA PRIMARY SUBSTATION	956
	BORGONOVO - BARDI - BORGOTARO POWER LINE	4,119
	GRID REINFORCEMENT BETWEEN NOVARA AND BIELLA	2,702
	S. TERESA-BUDDUSÒ SUBSTATION	7,929
	UPGRADE OF TERNI ROME HV GRID	11,787
	WORKS ON THE RAGUSA GRID	3,717
	RENEWABLES COLLECTION ABRUZZO/LAZIO	1,892
	ROME SOUTH-CIAMPINO	2,558
TOTAL Quality, security and resiliency of electricity transportation Infrastructure		***120,600***
GRAND TOTAL		**999,473**

The sum of the individual items and the subtotals and totals shown in the table may differ by a few units due to rounding applied in the presentation of the data.

[10] The refinanced projects, consistent with the commitment made in the Green Bond Framework of January 2022, were completed no later than 36 months from the last Annual Financial Statements prior to the date of issue of the Green Bond in question (02/02/2022).

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Issue of 17 July 2023

INDICATOR DESCRIPTION	AMOUNT (€000)
Total amount of the basket at the time of the Green Bond's issuance	657,599
- % of basket refinanced[11]	47
Net proceeds of the Green Bond	642,571
Green Bond proceeds allocated as at 31/12/2025	As at 31/12/2025 the bond is fully allocated
Cash/cash equivalents held by the issuer as at 31/12/2025	

CATEGORY OF ELIGIBLE GREEN PROJECT	ELIGIBLE GREEN PROJECT	PROCEEDS ALLOCATED AT 31 DECEMBER 2025 (€000)
Renewable energy	MICROPOWER S.R.L. CONNECTION	7,766
	ASJA AMBIENTE ITALIA S.P.A. CONNECTION	396
	SARVE S.R.L. CONNECTION	8,305
	SOUTH SARDINIA SYNCHRONOUS COMPENSATORS	32,454
	EL. 380 KV BRINDISI-BRINDISI ENIPOWER POWER LINE	36,221
	STATCOM	91,180
	REORGANISATION OF NORTH CALABRIA GRID	10,772
	REINF. 150KV WIND GENERATION COLLECTION BASILICATA	13,390
	FLORENCE METROPOLITAN AREA GRID RECONFIGURATION	5,023
	TRENTO GRID RECONFIGURATION	17,245
	INERGIA SPA WIND PLANT (STORNARA SUBSTATION)	13,405
	220 KV GLORENZA SUBSTATION	17,571
	FOSTER WHEELER SUBSTATION - CONNECTION RES	4,914
	380/150 KV MELFI SUBSTATION CONNECTIONS	15,974
	EL. FOIANO-GINESTRA-ARIANO 150KV POWER LINE	839
	SOLARWIND 2 CONNECTION	5,387
	VGE 01 CONNECTION	7,456
	SANDALIA SOLAR FARM S.R.L CONNECTION	11,486
	DAUNIA WORK1 CONNECTION	35,747
	SYNCHRONOUS COMPENSATORS NORTH LAZIO	40,792
	REACTORS	72,708
	REINF. 150KV COLLECTION PR. WIND CALABRIA	6,173
	REMOVAL OF CONSTRAINTS IN THE SOUTH-CENTRAL – NORTH CENTRAL AREAS	14,143
	150 KV FOIANO SUBSTATION FOR CONNECTIONS	8,697
	ECOENERGIA FRANZESE CONNECTION	9,389
	TRINO BESS 2 CONNECTION	3,301
	WIND ENERGY RACALMUTO CONNECTION	10,053
	PORTELLA PERO SUBSTATION CONNECTION	907
TOTAL Renewable energy		***501,693***
Energy efficiency	220KV GLORENZA-TIRANO-PREMADIO LINE	22,865
TOTAL Energy efficiency		***22,865***
Quality, security and resiliency of electricity transportation Infrastructure	220 KV LIVORNO M. SUBSTATION	33,787
	UPGRADE OF MODENA AREA HV GRID	4,042
	REORGANISATION OF SORRENTINE PENINSULA HV GRID	4,330
	REORGANISATION OF ROME SOUTH-LATINA HV GRID	5,544
	CUNEO/SAVONA GRID	6,360
	SOUTH TRENTO STREAMLINING	28,480
	ROME METROPOLITAN AREA GRID RECONFIGURATION	8,124
	WORKS ON THE CATANIA HV GRID	10,438
	INTER. HV RENEWABLES COLLECTION ABRUZZO/LAZIO	11,023
	220/150 KV CATANIA NORD SUBSTATION	4,857
	PORTOCANNONE-S. SALVO Z.I. AND NEW SWITCHING STATION	2,111
TOTAL Quality, security and resiliency of electricity transportation Infrastructure		***119,094***
GRAND TOTAL		**643,653**

The sum of the individual items and the subtotals and totals shown in the table may differ by a few units due to rounding applied in the presentation of the data.

[11] The refinanced projects, consistent with the commitment made in the Green Bond Framework of January 2022, were completed no later than 36 months from the last Annual Financial Statements prior to the date of issue of the Green Bond in question (17/07/2023).

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Issue of 4 April 2024

INDICATOR DESCRIPTION	AMOUNT (€000)
Total amount of the basket at the time of the Green Bond's issuance	863,426
- % of basket refinanced[12]	24
Net proceeds of the Green Bond	843,158
Green Bond proceeds allocated as at 31/12/2025	448,124
Cash/cash equivalents held by the issuer as at 31/12/2025	395,033

CATEGORY OF ELIGIBLE GREEN PROJECT	ELIGIBLE GREEN PROJECT	PROCEEDS ALLOCATED AT 31 DECEMBER 2025 (€000)
Renewable energy	CHIARAMONTE GULFI - CIMINNA	116,105
	PATERNÒ - PANTANO - PRIOLO	18,564
	380 150 KV ARIANO IRPINO SUBSTATION	12,924
	NEW 380/150 KV VIZZINI SUBSTATION	7,743
	EL. FOIANO-GINESTRA-ARIANO 150KV POWER LINE	16,140
	RESOL. GALTELLI' ANTENNA	24,459
TOTAL Renewable energy		***195,934***
Energy efficiency	220/150 KV CATANIA NORD SUBSTATION	2,581
	WORKS ON THE RAGUSA HV GRID	44,534
TOTAL Energy efficiency		***47,115***
Quality, security and resiliency of electricity transportation Infrastructure	NEW LINE 380 KV COLUNGA-CALENZANO	142,284
	RATIONALISATION OF THE 380-132 KV GRID IN BRESCIA	19,562
	REORGANISATION OF SORRENTINE PENINSULA HV GRID	43,228
TOTAL Quality, security and resiliency of electricity transportation Infrastructure		***205,074***
GRAND TOTAL		**448,124**

The sum of the individual items and the subtotals and totals shown in the table may differ by a few units due to rounding applied in the presentation of the data.

[12] The refinanced projects, consistent with the commitment made in the Green Bond Framework of October 2023, were completed within a maximum of 24 months from the last Annual Financial Statements prior to the date of issue of the Green Bond in question (04/04/2024).

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Issue of 10 February 2025

INDICATOR DESCRIPTION	AMOUNT (€000)
Total amount of the basket at the time of the Green Bond's issuance	767,051
- % of basket refinanced[13]	29
Net proceeds of the Green Bond	747,938
Green Bond proceeds allocated as at 31/12/2025	512,477
Cash/cash equivalents held by the issuer as at 31/12/2025	235,461

CATEGORY OF ELIGIBLE GREEN PROJECT	ELIGIBLE GREEN PROJECT	PROCEEDS ALLOCATED AT 31 DECEMBER 2025 (€000)
Renewable energy	HVDC MAINLAND-SICILY-SARDINIA	326,147
	NEW MONTEMATTINA SUBSTATION FOR CONNECTIONS	14,833
	380 KV SAN ROCCO AL PORTO REACTOR	5,203
	150 KV CARLENTINI SUBSTATION FOR CONNECTIONS	628
	STREAM. 220/132 KV IN VALLE SABBIA	16,870
	380/150 KV TORREMAGGIORE SUBSTATION CONNECTIONS	15,656
	WIND POWER S.R.L CONNECTION	152
	STROMBOLI SOLAR SRL CONNECTION	59
	EDP RENEWABLES ITALIA CONNECTION	438
	CAMPOSCALA 2 PRIMARY SUBSTATION CONNECTION	16,665
	EDELWEISS S. MARCO CAVOTI CONNECTION	213
	GALLO DUE S.R.L. CONNECTION	578
	VRG WIND 153 S.R.L. CONNECTION	516
	RWE RENEWABLES CONNECTION	348
	FW TURNA SRL (PATERNÒ) CONNECTION	224
	SOLAR ITALY III S.R.L. CONNECTION	477
	ALZO SRL CONNECTION	297
	BESS PORTO TOLLE SUBSTATION CONNECTION	224
	SANDALIA SOLAR FARM S.R.L CONNECTION	1,418
	EDPR SICILIA WIND S.R.L. CONNECTION	508
	TUSCANIA SUBSTATION CONNECTION	18,105
	AUGUSTA BLU SOLAR SUBSTATION CONNECTION	161
	MONTALTO VULCI SRL CONNECTION	3,414
	ADRIA MARCO POLO SOLAR SUBSTATION CONNECTION	70
	ERCHIE BESS CONNECTION	558
	LICODIA EUBEA ACEA SOLAR CONNECTION	430
	MONTECORVINO SUBSTATION CONNECTION	151
	POPULONIA SUBSTATION CONNECTIONS	658
	VILLA S. MARIA ROCCAVIVARA REINFORCEMENT	1,512
	LATINA NUCLEARE SUBSTATION CONNECTION	1,147
	CANINO SUBSTATION CONNECTION	175
	TAVAZZANO SUBSTATION CONNECTION	86
	UDINE SUD SUBSTATION CONNECTION	1,331
	220 KV SCHIO SUBSTATION	-
	TERME DI BRENNERO BOLZANO FS	641
	FLORENCE METROPOLITAN AREA GRID RECONFIGURATION	9,595
	REORGANISATION OF NORTH CALABRIA GRID	335
	S. SOFIA	8,980
	150 KV VITTORIA-GELA-D POWER LINE	1,579
	EISACKWERK RIO PUSTERIA	824
	CASTEGNERO PRIMARY SUBSTATION CONNECTION	214
	MAROSTICA PRIMARY SUBSTATION	162
	STABILISING RESISTORS	13,209
	RESILIENCE 2.0 GORLA PRIMARY SUBSTATION	6,314
TOTAL Renewable energy		***471,106***
Energy efficiency	ARIANO PRIMARY SUBSTATION	12,047
TOTAL Energy efficiency		***12,047***
Quality, security and resiliency of electricity transportation Infrastructure	132 KV PONTE RESIA REACTOR	3,158
	S. BELLINO SUBSTATION CONNECTION	901
	SOUTH TRENTO STREAMLINING	455
	VERONA HV GRID STREAMLINING	761
	132KV PIOMBINO AREA STREAMLINING	1,093
	S. MARTINO IN XX - RICCIONE - RIMINI	1,395
	ROME METROPOLITAN AREA GRID RECONFIGURATION	5,623
	CALABRIA TRANSVERSAL	22
	REORGANISATION OF 220KV GRID IN THE CITY OF NAPLES	8,887
	REINF. 150 KV COLLECTION PROD. WIND PUGLIA	6,461
	NEW 380/150 KV VIZZINI SUBSTATION	567
TOTAL Quality, security and resiliency of electricity transportation Infrastructure		***29,324***
GRAND TOTAL		**512,477**

[13] The refinanced projects, consistent with the commitment made in the Green Bond Framework of January 2023, were completed within a maximum of 24 months from the last Annual Financial Statements prior to the date of issue of the Green Bond in question (10/02/2025).

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The sum of the individual items and the subtotals and totals shown in the table may differ by a few units due to rounding applied in the presentation of the data.

The names of eligible projects are indicated in the tables above, corresponding to very broad and complex initiatives encompassing numerous projects and smaller works. Each bond (June 2021, February 2022, July 2023, April 2024 and February 2025) may have been used to finance different parts of the same project; for this reason, a number of eligible projects, represented by different amounts, have been financed by more than one bond.

Given the inherently complex nature of the projects financed, each initiative may contribute to different environmental benefits. In the tables above, the allocation of a single project to a benefit category was made based on economic criteria.

Impact reporting

Below are details of the impacts and the benefits associated with the categories of Eligible Green Project - described at the beginning of the document - for each of the five Green Bonds issued by Terna and reported on in this Report. The percentages indicate the share of benefits attributable to the progress status of the projects (works commissioned) as at 31/12/2025.

For a better understanding of the data relating to environmental impacts, the following should be considered:

- The impacts of the initiatives presented in columns A, B, C and F in the following tables, relating to “Connection of renewable energy plants”, “Increase in generation from renewable energy sources”, “Reduction of grid losses” and “Reduction of energy not supplied”, are measured in MW and MWh. The above data do not derive from subsequent measurements of the effects of the completed initiatives, but from grid simulations carried out using models that enable a prior comparison of the operation of the electricity system and the related environmental impacts with and without the individual initiatives. The results of the grid simulations feed into the cost-benefit analysis that characterises the main investments included in the grid Development Plan. As several years may elapse between planning and the start of construction, the Cost-Benefit Analysis (CBA) of an initiative may be repeated to take account of new scenarios, and the environmental impacts may therefore change over time. Where initiatives are not subject to Cost-Benefit Analysis, the valuation of the related benefits is determined using an approach consistent and aligned with the same methodology. Should significant changes occur in the environmental benefits associated with interventions financed by the European Green Bond, these will be highlighted in future reports.
- The environmental benefits – estimated using the methodological approaches described above – guide the selection of Eligible Projects and are valued under the most conservative scenario at the level of each individual initiative (project), which generally consists of a set of works that may require many years to be completed. Green Bonds enable the financing or refinancing of part of the works required to complete the initiatives selected in the portfolios and are therefore also instrumental in achieving the environmental benefits associated with those initiatives.

A more detailed description of the benefits set out in Terna’s Green Bond Frameworks is provided in the Environmental benefits table in this document.

None of the selected projects is the subject of significant proceedings (administrative or final court judgements) resulting in Terna being ordered to pay fines or to act or not act (e.g., prohibitions), or in its employees being found guilty of a criminal offence (full compliance in environmental and socio-economic matters).

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Issue of 16 June 2021

CATEGORIES OF ELIGIBLE GREEN PROJECTS	OUTPUT & IMPACT INDICATORS							
	A		B		C		F	
	CONNECTION OF RENEWABLE ENERGY PLANTS (MW)	% REACHED AT 31/12	INCREASE IN GENERATION FROM RENEWABLE ENERGY SOURCES (MWH)	% REACHED AT 31/12	REDUCTION OF GRID LOSSES (MWH)	% REACHED AT 31/12	REDUCTION OF ENERGY NOT SUPPLIED (MWH/YEAR)	% REACHED AT 31/12
Renewable energy	2,328	100	5,410,358	98				
Energy efficiency					12,028	-		
Quality, security and resiliency of electricity transportation Infrastructure							3,469	68

Issue of 2 February 2022

CATEGORIE DI ELIGIBLE GREEN PROJECT	OUTPUT & IMPACT INDICATORS							
	A		B		C		F	
	CONNECTION OF RENEWABLE ENERGY PLANTS (MW)	% REACHED AT 31/12	INCREASE IN GENERATION FROM RENEWABLE ENERGY SOURCES (MWH)	% REACHED AT 31/12	REDUCTION OF GRID LOSSES (MWH)	% REACHED AT 31/12	REDUCTION OF ENERGY NOT SUPPLIED (MWH/YEAR)	% REACHED AT 31/12
Renewable energy	2,636	100	6,037,400	99,7				
Energy efficiency					13,200	100		
Quality, security and resiliency of electricity transportation Infrastructure							3,019	4

Issue of 17 July 2023

CATEGORIE DI ELIGIBLE GREEN PROJECT	OUTPUT & IMPACT INDICATORS							
	A		B		C		F	
	CONNECTION OF RENEWABLE ENERGY PLANTS (MW)	% REACHED AT 31/12	INCREASE IN GENERATION FROM RENEWABLE ENERGY SOURCES (MWH)	% REACHED AT 31/12	REDUCTION OF GRID LOSSES (MWH)	% REACHED AT 31/12	REDUCTION OF ENERGY NOT SUPPLIED (MWH/YEAR)	% REACHED AT 31/12
Renewable energy	3,062	99	8,313,265	94				
Energy efficiency					3,364	100		
Quality, security and resiliency of electricity transportation Infrastructure							1,203	18

Issue of 4 April 2024

CATEGORIE DI ELIGIBLE GREEN PROJECT	OUTPUT & IMPACT INDICATORS						
	A		B		F		
	CONNECTION OF RENEWABLE ENERGY PLANTS (MW)	% REACHED AT 31/12	INCREASE IN GENERATION FROM RENEWABLE ENERGY SOURCES (MWH)	% REACHED AT 31/12	REDUCTION OF ENERGY NOT SUPPLIED (MWH/YEAR)	% REACHED AT 31/12	
Renewable energy	1,251	95	2,871,195	95			
Quality, security and resiliency of electricity transportation Infrastructure					11,221	-	

Issue of 10 February 2025

CATEGORIE DI ELIGIBLE GREEN PROJECT	OUTPUT & IMPACT INDICATORS							
	A		B		C		F	
	CONNECTION OF RENEWABLE ENERGY PLANTS (MW)	% REACHED AT 31/12	INCREASE IN GENERATION FROM RENEWABLE ENERGY SOURCES (MWH)	% REACHED AT 31/12	REDUCTION OF GRID LOSSES (MWH)	% REACHED AT 31/12	REDUCTION OF ENERGY NOT SUPPLIED (MWH/YEAR)	% REACHED AT 31/12
Renewable energy	6,002	92	13,757,597	92				
Energy efficiency					24,700	-		
Quality, security and resiliency of electricity transportation Infrastructure							1,165	-

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In the tables above, in addition to the benefits achievable through each category as envisaged in the Green Bond Frameworks, the percentages indicating the share of benefits attributable to the progress status of the projects as at 31/12 are also reported.

Note that, in line with Terna's Green Bond Frameworks and as already indicated in the allocation section, the impact data presented may differ from previous years' reporting, mainly due to the rescheduling of certain initiatives following updates to timing plans and cost-benefit analyses.



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Examples of Eligible Green Projects

The following pages present the main technical, economic and environmental benefit data for three projects representative of the three benefit categories considered.

Category: Renewable Energy - New Electricity Substation in Cerignola

The new 380/150 kV Cerignola substation was built to connect renewable generation plants from the Puglia region to the high-voltage Foggia - Palo del Colle line.

Applications for the connection of renewable energy plants to the NTG have been received from 32 plants, making a total of 2.3 GW, of which 163.35 MW has already been connected to the substation. The expected increase in generation from renewable energy sources integrated into the NTG, linked to plants already connected to the Cerignola substation and future substations, is 5,215,817 MWh per year.

INDICATOR DESCRIPTION	AMOUNT
Green Bond proceeds allocated to the initiative as at 31/12/2025 (actual value)	30,974,687 €
Connection of renewable energy plants	2,3 GW
Increase in generation from renewable energy sources	5,215,817 MWh



New Cerignola substation – Category: "Renewable energy"

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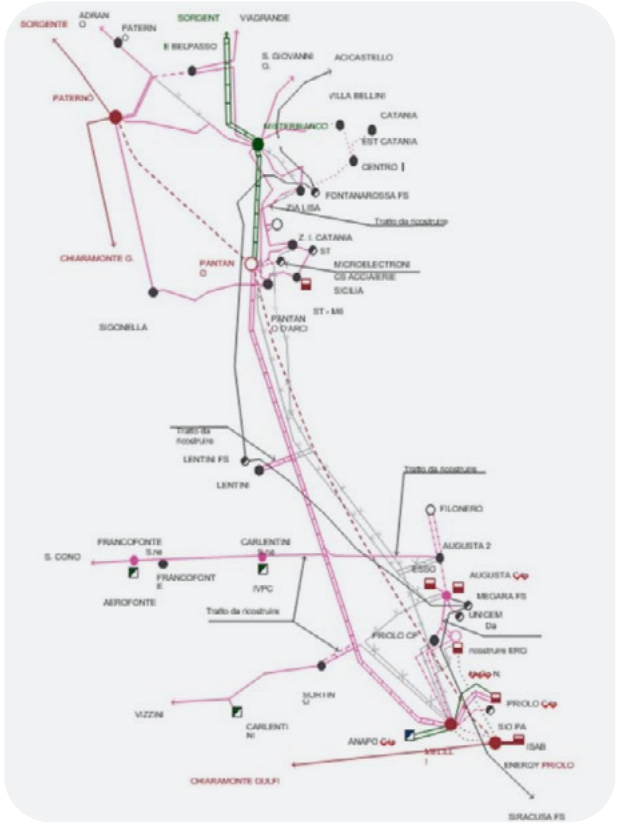
Category: Energy Efficiency - 380kv Paternò - Pantano - Priolo Power Line (Sicily)

With the construction of the 380 kV Paternò-Pantano-Priolo power line, the 380 kV grid will be interconnected with the 150 kV grid of south-eastern Sicily, supporting not only the production of renewable energy plants located in the area but also improving service continuity and voltage stability in eastern Sicily.

The upgrading and expansion of the Melilli, Priolo and Pantano D'Arci substations are also significant, strengthening and meshing the grid and generating additional benefits in terms of grid reliability.

Thanks to the implementation of these initiatives, a reduction in grid losses of at least 13,200 MWh/year is expected, as shown in the table below.

INDICATOR DESCRIPTION	AMOUNT
Green Bond proceeds allocated to the initiative as at 31/12/2025 (actual value)	92,450,319 €
Reduction of grid losses	13,200 MWh



OHL 380 kV Paternò-Pantano-Priolo - Category: "Energy efficiency"

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Category: Quality, Security and Resiliency of Electricity Transportation Infrastructure - Redevelopment of Sorrento Peninsula

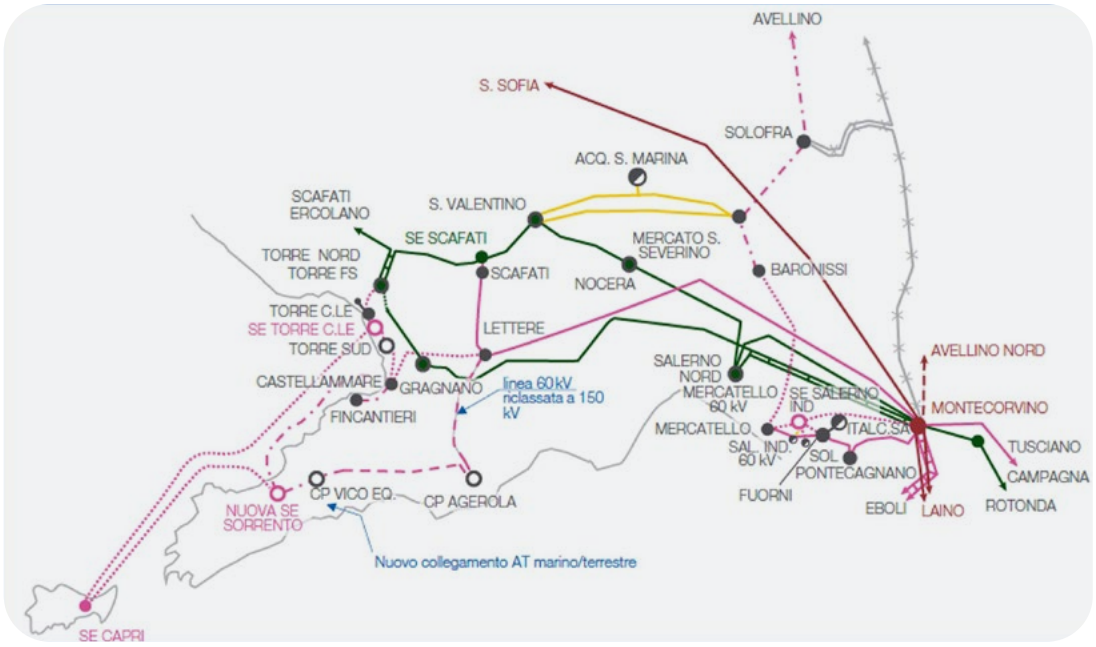
Following the commissioning of the first connection between Capri and Torre Annunziata in 2017 and of the second submarine cable connecting the island with Sorrento (September 2020), the efficiency and adaptation activities for the Campania grid include the 150 kV Sorrento - Vico Equense - Agerola - Lettere interconnection.

The project consists in the construction of the connections between the new substation in Sorrento and the already existing primary substations in Vico Equense, Agerola and Lettere, which will be adapted to allow connection to the National Transmission Grid with the new voltage levels. The new interconnection will increase the reliability of the electricity system on the Sorrento Peninsula and surpass the 60 kV voltage level, which is no longer adequate to ensure the security, resilience and quality of the area's electricity transmission service.

This intervention will also reduce the risk of outages due to severe weather events by increasing the resilience of the electricity system.

Thanks to the implementation of the overall initiative, a reduction in energy not supplied of at least 10,890 MWh/year is expected, as shown in the table below.

INDICATOR DESCRIPTION	AMOUNT
Green Bond proceeds allocated to the initiative as at 31/12/2025 (actual value)	56,783,053 €
Reduction of energy not supplied	10,890 MWh



Redevelopment of Sorrento Peninsula - Category: "Quality, Security and Resiliency of Electricity Transportation Infrastructure"

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INDEPENDENT AUDITOR'S REPORT ON THE SECTIONS "ALLOCATION REPORTING" AND "IMPACT REPORTING" OF THE CHAPTER "GREEN BOND ALLOCATION AND IMPACT REPORTING" OF THE GREEN BOND REPORT

To the Management of
Terna S.p.A.

We have been engaged to perform a limited assurance engagement on the sections "Allocation reporting" and "Impact Reporting" included in the chapter "Green bond allocation and impact Reporting" of the Green Bond Report (the "Report") as of December 31, 2025. The Report has been prepared by Terna S.p.A. (the "Company") on the basis of the following frameworks: the Framework issued in June 2021 for the Green Bond issued on June 16, 2021 ("GB5"), the Framework issued in January 2022 for Green Bonds issued on February 2, 2022 ("GB 6") and July 17, 2023 ("GB 7"), the Framework issued in October 2023 for the Green Bonds issued on April 4, 2024 ("GB 8") and February 10, 2025 ("GB 9") (hereinafter collectively referred to as the "Frameworks"). These Frameworks were defined by the Company in accordance with the Green Bond Principles issued by the International Capital Markets Association ("ICMA") "2021 edition".

Management's Responsibility for the Report

The Management of Terna S.p.A. is responsible for the preparation of the Report in accordance with the Frameworks, developed by the Company in accordance with the Green Bond Principles. The Management is also responsible for such internal control as it determines necessary to enable the preparation of the Report that is free from material misstatement, whether due to fraud or error.

Auditor's Independence and quality management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Management 1 which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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Auditor's responsibility

Our responsibility is to express a conclusion on sections "Allocation reporting" and "Impact reporting" included in the chapter "Green bond allocation and impact reporting" of the Report based on the procedures performed. We conducted our work in accordance with the criteria established in the "International Standards on Assurance Engagements - Assurance Engagements other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the sections "Allocation Reporting" and "Impact Reporting" included in the chapter "Green bond allocation and impact reporting" of the Report are free from material misstatement.

The procedures performed on the sections "Allocation Reporting" and "Impact Reporting" included in the chapter "Green bond allocation and impact reporting" of the Report are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in those sections, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically, we carried out the following procedures:

- analysis of the Green Bond Frameworks adopted by Terna S.p.A. and the Second Party Opinion, which includes the assessment of the conformity of the Frameworks to the Green Bond Principles defined by ICMA and the applicability of the categories of "Eligible Green Projects" for the allocation of proceeds and the definition of environmental impacts;

- interviews with the Management and relevant corporate functions of Terna S.p.A. aimed at understanding the criteria and underlying processes for identifying Eligible Green Projects, as well as the generation, identification, and management of significant qualitative and quantitative information included in the "Allocation reporting" and "Impact reporting" sections in the chapter "Green bond allocation and impact reporting" of the Report;

- analysis of the structure and implementation of reporting processes and controls related to the data on the use of proceeds and environmental benefits of the Green Bonds;

- verification of quantitative data included in the "Allocation reporting" and "Impact reporting" sections in the chapter "Green bond allocation and impact reporting" of the Report through a sample-based review, conducted through the collection and examination of documentation of Terna S.p.A., with the objective of assessing the consistency of the information included in the "Allocation reporting" and "Impact reporting" sections in the chapter "Green bond allocation and impact reporting "of the Report with the Green Bond Principles;

- obtaining the representation letter regarding the accuracy and the completeness of the information included in the Report and of those provided to us.

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The procedures performed in a limited assurance engagement are less in extent than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the "Allocation reporting" and "Impact reporting" sections included in the chapter "Green bond allocation and impact reporting" of the Green Bond Report of Terna S.p.A as of December 31, 2025 are not prepared, in all material respects, in accordance with the criteria established by the Frameworks.

DELOITTE & TOUCHE S.p.A.

Signed by
Maria Ginevra De Romanis
Partner

Rome, Italy
April 20, 2026

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

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European Green Bond: allocation and impact report

1. General information

- Date of issuance of the bond: 22/07/2025
- Date of publication of the allocation report: 20/04/2026
- The first and last date of the period to which the annual allocation report refers: 22/07/2025 – 31/12/2025
- Legal name of the issuer: TERNA – Rete Elettrica Nazionale S.p.A. (Terna S.p.A. or Terna)
- LEI of the issuer: 8156009E94ED54DE7C31
- Investor Relations contacts: https://www.terna.it/en/investors/contacts-ir
- Name of the bond assigned by the issuer: € 750,000,000 3.000% European Green Bond due 22 July 2031
- ISIN of the bond: XS3128477521
- Identity and contact details of the external reviewer:
  - S&P Global Ratings Europe
  - Part 4th Floor, Styne House
  - Upper Hatch Street, Dublin 2 Ireland
  - Website: https://www.spglobal.com/ratings/en/index
- Competent authority that has approved the bond prospectus(es): Commissione Nazionale per le Società e la Borsa (CONSOB) as competent authority under Regulation (EU) 2017/1129.

2. Important information

This bond uses the designation “European Green Bond” or “EuGB” in accordance with Regulation (EU) 2023/2631 of the European Parliament and of the Council. In addition, the bond is fully aligned with the International Capital Market Association’s (ICMA) Green Bond Principles 2025, Terna’s July 2025 Green Bond Framework and the recommendations of the EU Taxonomy Regulation.

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3. Environmental strategy and rationale

Overview

The eligible green projects pursue the EU environmental objectives of Climate Change Mitigation as referred to in Article 9 of Regulation (EU) 2020/852, they are all related to Climate Delegated Act "4.9 Electricity transmission and distribution activities", they meet the technical screening criteria set forth in the Climate Delegated Act, and they are in line with the minimum safeguards criteria, pursuant to Article 18 of the aforementioned Regulation.

Link with the assets, turnover, CapEx, and OpEx key performance indicators

The proceeds of the bond will be entirely allocated to taxonomy-aligned capital expenditures. They have contributed to the following taxonomy-aligned CapEx (as a percentage of total CapEx) as reported below:

KPI	SHARE OF ELIGIBLE ACTIVITIES	SHARE OF ALIGNED ACTIVITIES
CapEx 2025	100%	100%

For more information about Terna Group's assets, turnover, CapEx and OpEx key performance indicators please see the section referring to taxonomy eligible and taxonomy non-eligible activities found in the "EU Taxonomy" section of Terna's 2025 Annual Report.

Link to Terna's 2025-2034 Development Plan

The proceeds supported the implementation of Terna's 2025-2034 Development Plan, focusing on the quality, efficiency and safety of an increasingly sustainable national transmission grid for Italy, in step with the new challenges of energy transition. Terna's 2025-2034 Development Plan calls for an investment programme of over Euro 23 billion over the 2025-2034 ten-year horizon, with a total value of up to Euro 40 billion beyond the ten-year time horizon. The projects planned by the Transmission System Operator are intended to ensure grid efficiency and resilience, service sustainability, security and quality, as well as the integration of production from renewable sources.

Securitisation

This bond is not a securitization bond.

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4. Allocation of bond proceeds

Allocation to taxonomy-aligned economic activities

N.A.

Allocation to specific taxonomy-aligned economic activities

The proportion of Bond proceeds that was allocated to activities that are environmentally sustainable under Article 3 of Regulation (EU) 2020/852, according to the methodology set out in Annex II to Regulation (EU) 2023/2631: 82% of the Bond proceeds.

The allocation includes the following enabling economic activity:

- "Transmission and distribution of electricity" (100% of the allocated amount) and in particular on the category "Renewable energy" of the Terna's Green Bond Framework

The proceeds are not allocated to activities related to nuclear energy or fossil gas.

Allocation to economic activities not aligned with the technical screening criteria

The proceeds are not allocated, in accordance with Article 5 of Regulation (EU) 2023/2631, to activities which are not fully EU taxonomy aligned.

5. Environmental impact of bond proceeds

The description of the benefits associated with the eligible green projects outlined in Terna's Green Bond Framework is provided in the "Environmental Benefits" table of this Green Bond Report.

Below are the details of the impacts and benefits associated with the Eligible Green Project categories - described at the beginning of the document - for the European Green Bond covered in this Report.

Specifically, the bond in question highlights the benefit category "Increase in production from renewable sources," measured in MWh. Please note that this data is not derived from ex-post measurements of the effects of the interventions implemented, but rather from network simulations, conducted using models that allow for an ex-ante comparison of the electricity system's operation and associated environmental impacts with and without the individual interventions. The results of the network simulations are incorporated into the cost-benefit analysis that characterizes the main investments included in the Network Development Plan. Since several years may elapse between planning and the start of construction, the Cost-Benefit Analysis (CBA) of the intervention may need to be repeated to account for new scenarios, and the environmental impacts may vary over time. Where interventions are not subject to a Cost-Benefit Analysis, the valuation of the related benefits is determined using a consistent approach aligned with the same methodology. Should significant changes occur in the environmental benefits associated with interventions financed by the European Green Bond, these will be highlighted in future reports.

The environmental benefits—estimated using the methodological approaches described in the previous section—guide the selection of Eligible Projects and are valued, relative to the most conservative scenario, at the level of the individual project. However, this project generally comprises a series of works that can take many years to complete. Green Bonds allow for the financing or refinancing of part of the works required to complete the projects selected in the baskets and are therefore also useful for achieving the environmental benefits associated with the projects themselves.

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None of the selected projects is the subject of significant proceedings (administrative or final court judgements) resulting in Terna being ordered to pay fines or to act or not act (e.g., prohibitions), or in its employees being found guilty of a criminal offence (full compliance in environmental and socio-economic matters).

The table below shows, in addition to the benefits achievable through each category as envisaged in the Green Bond Framework, the percentages indicating the share of benefits associated with the progress of the projects as of December 31.

	OUTPUT & IMPACT INDICATORS			
	A		B	
CATEGORIE DI ELIGIBLE GREEN PROJECT	CONNECTIONS TO RENEWABLE ENERGY PLANTS (MW)	% REACHED AT 31/12	INCREASED PRODUCTION FROM RENEWABLE SOURCES (MWH)	% REACHED AT 31/12
Renewable energy	-	-	107,870	0

With regard to potential adverse impacts, it should be noted that, for the Terna Group, in relation to transmission and dispatching activities, the following actual negative impacts have been identified through the Double Materiality assessment process in accordance with the European Sustainability Reporting Standards (ESRS):

- Service continuity disruptions due to ordinary weather events;
- CO_2 emissions generated by operations;
- Energy consumption.

As is evident, these impacts materialize once the project becomes operational and are therefore not quantifiable at this stage. It is also noted that, with reference to the first two impacts mentioned above, it is considered plausible that the project covered by this report may contribute to their reduction at the Terna Group level. For further information, please refer to the “Double Materiality” section of Terna’s 2025 Annual Report.

6. Information on reporting

Link to the issuer’s website: https://www.terna.it/en
Link to the issuer’s relevant reports: https://www.terna.it/en/general-archive#Results/2026

7. CapEx plan

In accordance with Article 7 of Regulation (EU) 2023/2631, no CapEx plan is needed as Terna has allocated the proceeds only to activities that are already fully aligned with the EU taxonomy at the time of issuance.

8. Other relevant information

Further information on this European Green Bond can be found in the introduction of this 2025 Green Bond Report.

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Table A: Taxonomy alignment of proceeds information for bonds making use of the gradual approach to the allocation of bond proceeds

PROJECT (OR GROUP OF PROJECTS OR ECONOMIC ACTIVITY) NAME, LOCATION AND DESCRIPTION	AMOUNT OF PROCEEDS ALLOCATED FROM THE BOND(S)			TYPE AND SECTOR OF ECONOMIC ACTIVITIES FUNDED BY THE BOND(S)[14]		AMOUNT OF PROCEEDS ALLOCATED FROM THE BOND(S) THAT ARE TAXONOMY-ALIGNED		
1 Name Location Basic description	2.1 Bond proceeds allocated to this project since the issuance date	2.2 Bond proceeds allocated to this project in the reporting period	2.3 Share of project that is funded by the bond(s)	3.1 The share of the amount in row 2.1 used for financing and refinancing	3.2 The share of the amount in row 2.2 used for financing and refinancing in the reporting period	4.1 Types/	4.2 NACE codes	
HVDC MAINLAND-SICILY-SARDINIA	746,917,500 EUR	610,828,877 EUR	74%	53% refinancing 47% financing	67% refinancing 33% financing	Transmission and distribution of electricity	35.12	

[14] It should be noted that the refinanced projects, consistent with the commitment made in the Green Bond Framework of July 2025, were completed within a maximum of 24 months from the last Annual Financial Statements prior to the date of issue of the Green Bond in question.

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AMOUNT OF PROCEEDS ALLOCATED FROM THE BOND(S) THAT ARE TAXONOMY-ALIGNED				ENVIRONMENTAL OBJECTIVES AND TECHNICAL SCREENING CRITERIA			NATURE OF ENVIRONMENTALLY SUSTAINABLE ASSETS AND EXPENDITURE		OTHER RELEVANT INFORMATION
5.1 Of the total bond proceeds allocated to the project, the amount that is allocated to an activity which is taxonomy aligned since the issuance date	5.2 Percentage share of amount given in row 2.1	5.3 Of the bond proceeds allocated to the project in the reporting period, the amount that is allocated to an activity which is taxonomy aligned in the reporting period	5.4 Percentage share of amount given in row 2.2	6.1 The targeted environmental objective(s), as referred to in Article 9 of Regulation (EU) 2020/852	6.2 An indication of the applicable delegated acts used to Determine the technical screening criteria, and their application dates	6.3 Information on the methodology and Assumptions used for the calculation of key impact metrics in accordance with the applicable delegated acts	7.1 Of the amount allocated in the reporting period in row 5.3, capital expenditure amount	7.2 Of the amount allocated in the reporting period in row 5.3, operating expenditure amount	8 EU Taxonomy activity
746,917,500 EUR	100%	610,828,877 EUR	100%	Climate Change Mitigation (CCM)	Climate Delegated Act, Complementary Climate Delegated Act and Delegated Regulation (EU) 2023/2485 of 27 June 2023 amending the Climate Delegated Act, application date: reporting year 2022	Please refer to the appendix	610,828,877 EUR	0	4.9

Appendix

Methodology and assumptions used for the calculation of key impact metrics in accordance with the applicable delegated acts.

The evaluation and selection process adopted by the Company ensures full alignment with the technical screening criteria set out in Annex I to Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 (the Taxonomy Climate Delegated Act) for activity “4.9 Transmission and distribution of electricity”, as described in detail in the section “The EU Taxonomy” of the 2025 Annual Report, to which reference is made.

Project information

HVDC MAINLAND-SICILY-SARDINIA – WEST SECTION

The HVDC MAINLAND-SICILY-SARDINIA (Tyrrhenian Link) is being developed in a context where the two largest islands require a strengthened interconnection with the mainland, also in light of the current evolution of the thermoelectric fleet in Sicily and Sardinia and the sharp increase in requests for connection of new renewable energy plants to the grid.
It is a strategic infrastructure for the Italian electricity system within the framework of the energy transition objectives set out in the National Integrated Energy and Climate Plan (NECP). The Tyrrhenian Link will improve energy exchange capacity, enabling better use of renewable sources and at the same time supporting their development.
With a length of approximately 970 km and a capacity of 1,000 MW, the Tyrrhenian Link is a state-of-the-art infrastructure of international importance, representing a further step towards a more sustainable energy future. The overall project comprises two sections: the EAST section from Sicily to Campania and the WEST section from Sicily to Sardinia.
The WEST section (part of the European Green Bond issued in July 2025), between the Caracoli (Termini Imerese) and Selargius converter substations, is approximately 480 km long and connects the Fiumetorto landing point to Terra Mala

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in Sardinia. For the first time, a high-voltage direct current cable has been laid at a depth of 2,150 metres, setting new market standards.

INDICATOR DESCRIPTION	AMOUNT
Green Bond proceeds allocated to the initiative as at 31/12/2025 (actual value)	610,828,877€
Increase in generation from renewable energy sources	107,870 MWh



HVDC Mainland-Sicily-Sardinia – West section

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Post-Issuance Review

The post-issuance review prepared by S&P Global is publicly available on the website of Terna S.p.A. at the following link: https://www.terna.it/en/investors/debt-rating/sustainable-finance/green-bonds.

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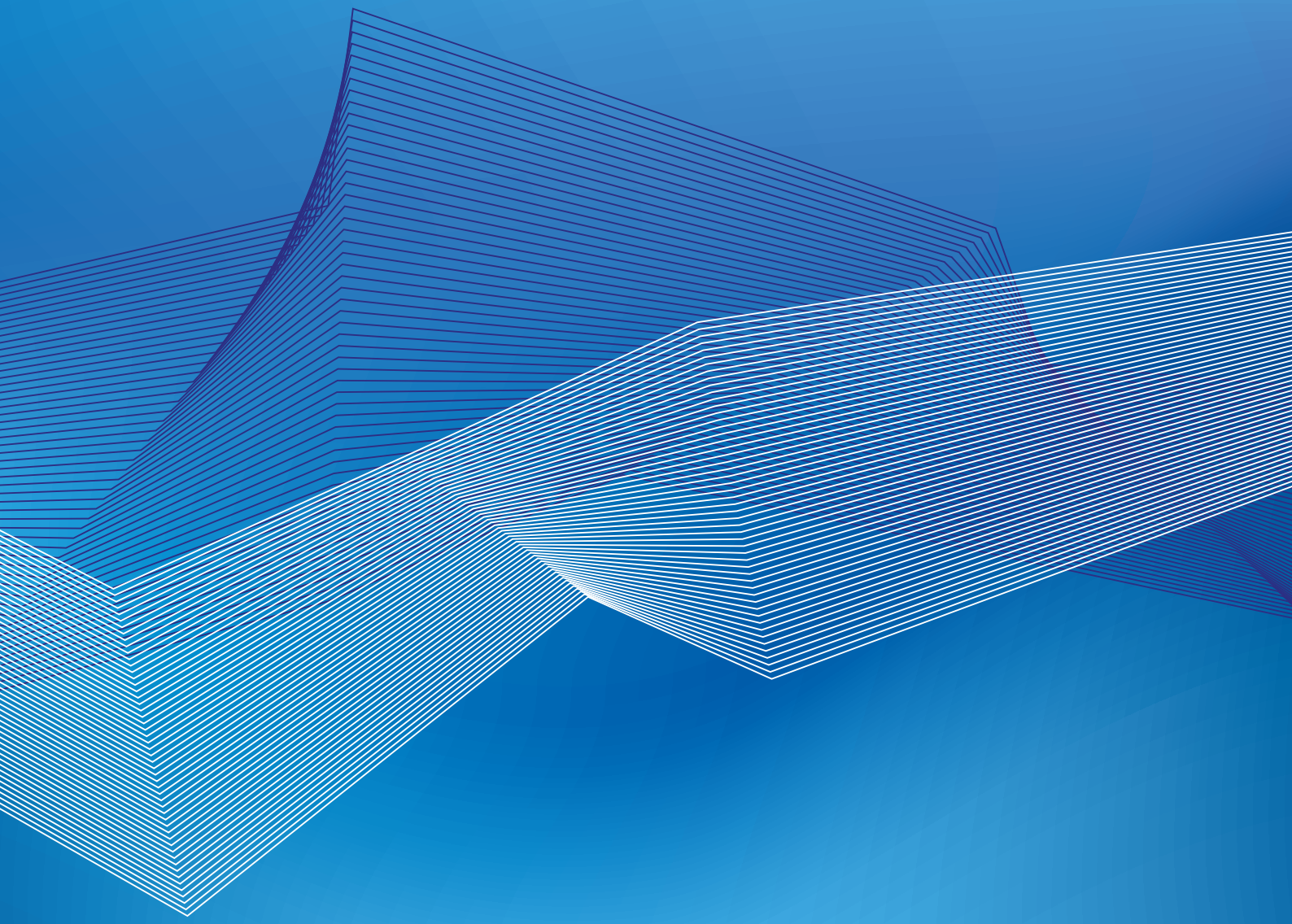
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