

ORDINARY SHAREHOLDERS' MEETING APRIL 30, 2021

BOARD OF DIRECTORS' REPORTS

ON THE ITEMS ON THE AGENDA

1. Separate financial statements at 31 December 2020. Reports by the Board of Directors, the Board of Statutory Auditors and the Audit Company. Related resolutions. Presentation of the consolidated financial statements at 31 December 2020. Presentation of the consolidated non-financial statement at December 31, 2020;
2. Allocation of the profit for the year;
3. A Long-Term Incentive Plan based on Performance Share 2021-2025 for TERNA S.p.A.'s management and/or its subsidiary companies pursuant to art. 2359 of the Italian Civil Code;
4. Authorisation to purchase and sell treasury shares, subject to revocation of the authorisation adopted by the Shareholders' Meeting on May 18, 2020;
5. Report on the paid remuneration and compensation policy:
 - 5.1. 1st section: report on the remuneration policy (binding resolution);
 - 5.2. 2nd section: report on the compensation policy (non-binding resolution).

ON THE FIRST ITEM ON THE AGENDA

Separate financial statements at 31 December 2020. Reports by the Board of Directors, the Board of Statutory Auditors and the Audit Company. Related resolutions. Presentation of the consolidated financial statements at 31 December 2020. Presentation of the consolidated non-financial statement at December 31, 2020

Dear Shareholders,

the file “TERNA S.p.A. and Terna Group Annual Financial Report 2020” will be made available to the public, at the Company’s registered office, in the section of the Company’s website <https://www.terna.it/en/Governance/shareholders-meeting/latest-meeting>, as well as via the authorised storage mechanism 1Info (www.1info.it) in accordance with the terms provided for under applicable laws. This file, to which reference is made, will contain the financial statements of TERNA S.p.A., which close with a net profit of € 687,571,266.41, as well as the consolidated financial statements as at December 31, 2020 and the Directors' Report.

Alongside these documents, the “2020 Sustainability Report - Consolidated Non-Financial Statement” will be made available to the public via the same means, also in accordance with Italian Legislative Decree no. 254 of December 30, 2016, with the “Annual Report on Corporate Governance and Ownership Structure”. It should be noted that these documents, as well as the consolidated financial statements, are presented to the Shareholders' Meeting for information purposes only, as such documents are not submitted for the approval of the latter.

Within the same deadline, the report of the party assigned to audit the Company's accounts and the Board of Statutory Auditors' report will also be made available to the public, in the same manner as indicated above.

The above having been stated, we submit for your approval the following

proposal

“TERNA S.p.A.’s Shareholders’ Meeting, having examined the illustrative report by the Board of Directors,

resolves



to approve TERNA S.p.A.'s separate financial statements as at December 31, 2020 which closed with a net profit of € 687,571,266.41. ”

ON THE SECOND ITEM ON THE AGENDA

Allocation of profits for the year

Dear Shareholders,

Considering the results obtained, the Board of Directors proposes to allocate a dividend per share for the whole financial year 2020 of € 0.2695 corresponding to a total amount of € 541,692,844.00, according to the manner indicated below.

It should be noted that TERNA S.p.A. has already distributed an interim dividend equal to € 9.09 per share, already paid, gross of any applicable withholding tax, from November 25, 2020. The 1,525,900 treasury shares in the portfolio with record date November 24, 2020 were not considered in this interim dividend; the effective interim dividend of financial year 2020 distributed to Shareholders was therefore equal to a total amount of € 182,569,568.49, while € 138.704,31 has been allocated for the “retained earnings” reserve based on the number of treasury shares in the portfolio at the above stated record date.

The above having been stated, we submit for your approval the following

proposal

“TERNA S.p.A.’s Shareholders’ Meeting, having examined the illustrative report by the Board of Directors,

resolves

to allocate TERNA S.p.A.’s profit for 2020, equal to € 687,571,266.41, as follows:

- € 182,708,272.80 to cover the interim dividend payable as from November 20, 2019 for each ordinary share held in the portfolio and outstanding at the “record date” of November 24, 2020 (for a value of € 138,704.31 allocated to the reserve known as “retained earnings”);
- a maximum of € 358,984,571.20, as a final dividend to be distributed in the amount of € 0.1786 for each of the 2,009,992,000 ordinary shares outstanding at the ex-dividend date of coupon no. 34 set for June 21, 2021 (net of the treasury shares held in the portfolio on the “record date” as per art. 83-terdecies of the Consolidated Law on Finance (“TUF”) of June 22, 2021), to be paid – gross of any withholding taxes – on June 23, 2021; the treasury shares in the portfolio at the “record date” indicated below do not contribute to this final payment.



The amount of the final dividend for 2020 due to the treasury shares held by the Company at the “record date” will be allocated to the reserve known as “retained earnings”;

- € 145,878,422.41 as retained earnings.

ON THE THIRD ITEM ON THE AGENDA

A Long-Term Incentive Plan based on Performance Share 2021-2025 for TERNA S.p.A.'s management and/or its subsidiary companies pursuant to art. 2359 of the Italian Civil Code

Dear Shareholders,

In accordance with art. 114-bis, subsection 1, TUF the Ordinary Shareholders' Meeting is competent to approve compensation plans based on financial instruments that are intended for, *inter alia*, members of the Board of Directors and/or employees of the company or its subsidiaries.

In view of the above, you have been convened in an ordinary session to discuss and resolve on the approval of the long-term incentive plan based on Performance Share 2021 - 2025 for the management of TERNA S.p.A. and/or its subsidiaries in accordance with art. 2359 of the Italian Civil Code (the "**2021-2025 Performance Share Plan**"), prepared by the Board of Directors on the proposal of the Remuneration Committee.

The Plan calls for the assignment of the right to award a number of TERNA S.p.A. shares (Performance Share) free of charge at the end of the three-year vesting period provided that the performance targets to which the plan is linked are achieved.

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

- the three-year cumulative EBITDA, reflecting the achievement of operating performance;
- relative TSR, which rewards the creation of value for shareholders in relative terms compared to a peer group;
- position in the Dow Jones Sustainability Index, which ensures the monitoring of ESG issues and related risk mitigation.

At the end of this period, an additional number of dividend equivalent shares will be allocated, which correspond to the value of dividends not received with respect to the number of shares actually distributed.

Additionally, at the end of the vesting period, 30% of the shares allocated, including dividend equivalent shares, will be subject to a further lock-up period of two years, during which these shares are not transferable (that is, they can not be transferred or sold for 24 months).

In accordance with the provisions of article 84-*bis*, subsection 1, of the Issuers' Regulations, the characteristics of the 2021-2025 Performance Share Plan are described in detail in a specific information document, to which reference is made and which will be made available to the public at the Company's registered office, in the section of the Company's website (<https://www.terna.it/en/Governance/shareholders-meeting/latest-meeting>) dedicated to this Shareholders' Meeting, as well as via the authorised storage mechanism 1Info (www.1info.it) in accordance with the terms provided for under applicable laws.

The above having been stated, we submit for your approval the following

proposal

"The Shareholders' Meeting of TERNA S.p.A., having examined the illustrative report of the Board of Directors and the information document on the 2021-2025 Performance Share Plan drafted in accordance with art. 84-*bis*, subsection 1, of the Issuers' Regulations,

resolves

1. to approve the 2021-2025 Performance Share Plan for the management of Terna S.p.A. and/or its subsidiaries in accordance with art. 2359 of the Italian Civil Code, the characteristics of which are described in the information document drafted in accordance with art. 84-*bis*, subsection 1, of the Issuers' Regulations and made available to the public at the Company's registered office, in the section of the Company's website (<https://www.terna.it/en/Governance/shareholders-meeting/latest-meeting>) dedicated to this Shareholders' Meeting and via the "1Info" authorised storage mechanism (www.1info.it);
2. to grant the Board of Directors, with the power to sub-delegate, all the powers required for the concrete implementation of the 2021-2025 Performance Share Plan, to be exercised in accordance with the provisions of the relevant information document. To such end, the Board of Directors may, by way of example and not limited to: identify recipients of such Plan; approve, amend and/or supplement the regulations of the implementation thereof; determine the shares to be attribute to each recipient, on the basis of achieved performance; attend to all deeds, obligations, formalities, communications that may be necessary or appropriate for the



management and/or implementation of the Plan, including amendments in conformity with the provisions of the aforesaid information document”.

ON THE FOURTH ITEM ON THE AGENDA

Authorisation to purchase and sell treasury shares, subject to revocation of the authorisation adopted by the Shareholders' Meeting on May 18, 2020;

Dear Shareholders,

You have been convened in an ordinary session, in accordance with articles 2357 *et seq.* of the Italian Civil Code, to discuss and resolve on the proposed authorisation to purchase and sell treasury shares, for the purposes, within the terms and in the manner illustrated below, subject to the revocation of the authorisation adopted by the Shareholders' Meeting on May 18, 2020.

It should be noted that the last such Shareholders' Meeting authorised (i) for a period of eighteen months from the date of the Shareholders' Meeting (i.e. until November 18, 2021) the purchase of treasury shares amounting to a total outlay of up to € 10 million and up to a maximum limit of 1.77 million ordinary shares of the Company, representative of around 0.09% of TERNA S.p.A.'s share capital and (ii) to sell such treasury shares without time limits.

On June 17, 2020, the Board of Directors, enacting this authorisation, approved a buy-back programme amounting to a total outlay of up to € 9.5 million and up to a maximum limit of 1.77 million shares, as part of the 2020-2023 Performance Share Plan intended for the management of TERNA S.p.A. and/or its subsidiaries as per art. 2359 of the Italian Civil Code, approved by the said Shareholders' Assembly of May 18, 2020, as provided for by art. 114-bis of the Consolidated Law on Finance ("TUF"). This programme was implemented by the company on June 29, 2020 and concluded on August 6, 2020, as communicated to the market by means of specific press releases.

By virtue of the purchases conducted as part of the buy-back programme, the company today holds 1,525,900 treasury shares, amounting to 0.076% of the share capital, purchased for a total amount of € 9,499,998.75. Subsidiary companies do not hold any TERNA S.p.A. shares.

In consideration of the expiry of the eighteen month period for the buy-back authorisation approved by the Ordinary Shareholders' Meeting on May 18, 2020 and that the scope of the authorisation has effectively come to an end, and considering that the original grounds behind said authorisation still subsist, it is proposed that the Shareholders' Meeting renew the authorisation to buy treasury shares, for the purposes and within the terms and in the manner illustrated, below for a further period of

eighteen months, and to grant a new authorisation to sell treasury shares without time limits, subject to the revocation of the previous authorisation.

1. Grounds for the authorisation proposal

The request for authorisation to purchase and sell treasury shares is based on the opportunity to grant the Board of Directors of TERNA S.p.A. the power to purchase and sell treasury shares, in compliance with current legislation and in the manner indicated below, to execute the 2021-2025 Performance Share Plan for TERNA S.p.A.'s management and/or its subsidiaries in accordance with art. 2359 of the Italian Civil Code, referred to in the previous item no. 3 on the agenda ("2021-2025 **Performance Share Plan**") and/or other possible share incentive plans for the Directors and/or employees of TERNA S.p.A. and/or its subsidiaries and/or associated companies.

2. Maximum number of shares under the authorisation proposal

At the date of this report, the Company's share capital is represented by 2,009,992,000 ordinary shares, with a face value of € 0.22 each, for a total amount of € 442,198,240 fully subscribed and paid in. For this purpose, it is proposed that the Shareholders' Meeting authorize the purchase of treasury shares, in one or more tranches, for a total outlay of up to € 10 million and up to a maximum limit of 1.95 million ordinary shares of the Company, representative of around 0.10% of Terna's share capital, it being understood that the Terna shares held by the Company and its subsidiaries from time to time may not in any case exceed 10% of the Company's share capital or any other maximum amount provided for by the law in force at the time (if lower than the above-mentioned 10% threshold).

In accordance with art. 2357, subsection 1, of the Italian Civil Code, purchase transactions will be carried out within the limits of distributable profits and available reserves which result from the latest approved financial statements.

The authorisation includes the right to later sell all or part of the shares in the portfolio, in one or more tranches, and even prior to exhaustion of the maximum quantity of shares that may be purchased and, if necessary, to repurchase the shares such that the treasury shares held by the Company and its subsidiaries do not exceed the limit established by the authorisation.

It should be noted that the shares resulting from the exercise of the purchase option and subsequently resold will not restore the reserve available for purchase: the purchase of the share will be taken into account for the purposes of calculating the maximum outlay without the sums resulting from any resale of the same being used to restore the aforementioned reserve.

3. Further information useful to assess compliance with article 2357, subsection 3, of the Italian Civil Code

At the date of this report, the Company holds 1,525,900 treasury shares, equal to 0.076% of the share capital. Subsidiary companies do not hold any TERNA S.p.A. shares.

4. Duration for which authorisation is requested

The authorisation to purchase treasury shares is requested for eighteen months as from the date of the approval of the Shareholders' Meeting.

Within the duration of any authorisation granted, the Board may make purchases of shares on one or more tranches and at any time, to an extent and for a period to be determined freely, in compliance with the applicable regulations, with the authorisation granted and with the degree of gradualness deemed to be in the interest of the Company.

Authorisation for the provision is required without time limits.

5. Fee minimum and maximum

In accordance with the resolutions of the Ordinary Shareholders' Meeting of May 18, 2020, purchases shall be made at a price which does not differ by more than 10%, either higher or lower, compared to the reference price on the Mercato Telematico Azionario (Electronic Stock Market)—organised and operated by Borsa Italiana S.p.A.—recorded for the previous day's session for each individual transaction.

Additionally, treasury share purchases on the market shall be made according to the terms, conditions and requirements established by current regulations, as well as the prevailing market protocols at the time, if applicable.

Treasury share sales or other disposal of treasury shares will be made as part of the 2021-2025 Performance Share Plan and/or any other share incentive plans intended for the Directors and/or TERNA S.p.A. employees and/or subsidiaries and/or affiliates, in accordance with the terms and conditions indicated in the applicable rules, without prejudice to current regulations, as well as the prevailing market protocols at the time, if applicable. To such end, for information on the 2021-2025 Performance Share Plan, reference is made to the information document prepared pursuant to art. 114-*bis* of the TUF and art. 84-*bis* of the Issuers' Regulations, made available within the terms and in the manner set forth in current legislation.

6. Methods with which purchases and sales of own shares will be carried out

Purchase transactions will be made in compliance with the provisions of art. 132 of the TUF and art. 144-*bis* of the Issuers' Regulations and all other applicable regulations, as well as the current market protocols at the time, if applicable.

At present, these procedures are governed by art. 132 of the TUF, art. 144-*bis* of the Issuers' Regulations, art. 5 of Regulation (EU) no. 596/2014 of the European Parliament and of the Council of April 16, 2014 and related implementation provisions.

More specifically, pursuant to Art. 132.1 of the Consolidated Law on Finance, treasury share purchases shall be made in such a way as to assure equal treatment among Shareholders, according to the methods established by CONSOB. In this latter regard, according to the various methods identified in art. 144-*bis* of the Issuers' Regulations, Terna share purchases may be made under the conditions indicated in art. 5 of Regulation (EU) no. 596/2014. It should be noted that, in cases where the right referred to in art. 144-*bis*, section 1 (c) of the CONSOB Issuers' Regulations is being exercised, purchases and sales of derivative instruments must be made through specific assignment to an approved financial intermediary.

Purchases may not be made via (i) the assignment to shareholders, in proportion to the shares held, of a put option or (ii) the execution of systematic internalisation activities in a non-discriminatory manner that involves the automatic and non-discretionary execution of transactions on the basis of pre-set parameters.

In accordance with art. 132, subsection 3, of the TUF, the aforementioned operating procedures will not be applied with reference to purchases of treasury shares held by employees of the Company or its subsidiaries and assigned or subscribed to pursuant to art. 2349 and 2441, subsection 8, of the Italian Civil Code or as a result of compensation plans based on financial instruments approved pursuant to art. 114-*bis* of the TUF.

The requested authorisation also provides that the sale and/or use of treasury shares may instead be carried out in the manner deemed most appropriate and in the interest of the Company and, in any case, in compliance with current legislation and, where applicable, the accepted market practices at the time.

In particular, the treasury shares purchased to support the 2021-2025 Performance Share Plan and/or any other share incentive plans for Directors and/or employees of TERNA S.p.A. and/or its subsidiaries and/or associated companies will be assigned in the manner and within the terms indicated in the regulations of such plans.

7. Information on purchase instrumentality for the reduction of share capital

The purchase of treasury shares covered by this authorisation request is not instrumental to the reduction of the share capital.

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On this basis, we submit for your approval the following

proposal

“The Shareholders’ Meeting of TERNA S.p.A.,

- having examined the Board of Directors’ Report made available in accordance with art. 125-ter of the TUF and art. 73 of the Issuers’ Regulations (the “Illustrative Report”);
- taking into account the provisions of articles 2357 et seq. of the Italian Civil Code, art. 132 of the TUF, art. 144-bis of the Issuers’ Regulations, art. 5 of Regulation (EU) no. 596/2014, as well as all other applicable provisions,

resolves

1. to revoke the resolution to authorise the purchase and sale of treasury shares adopted by the Ordinary Shareholders’ Assembly on May 18, 2020;
2. to authorize the Board of Directors to purchase ordinary shares of TERNA S.p.A., on one or more occasions and for a period of eighteen months from the date of this resolution, for the purposes set forth in the aforementioned Illustrative Report of the Board of Directors and within the limits and under the conditions set forth in such report, to which full reference is made, and in particular in the manner specified below:
 - the maximum number of shares to be purchased shall be equal to a total outlay of up to € 10 million and up to a maximum limit of 1.95 million ordinary shares of the Company, representative of around 0.10% of Terna S.p.A.’s share capital, it being understood that the Terna shares held by the Company and its subsidiaries from time to time may not in any case exceed 10% of the Company’s share capital or any other maximum amount provided for by the law in force at the time (if less than the above-mentioned 10% threshold) and provided that purchases are carried out within the limits of distributable profits and available reserves as shown in the latest approved financial statements;
 - purchases shall be made at a price which does not differ by more than 10%, either higher or lower, compared to the reference price on the Mercato Telematico Azionario (Electronic

Stock Market)—organised and operated by Borsa Italiana S.p.A.—recorded for the previous day's session for each individual transaction;

- purchases must be made in such a way as to ensure equal treatment between the Shareholders and in accordance with the procedures provided for in current legislation and, where applicable, accepted market practices in force at the time, as referred to in the Illustrative Report for this item on the agenda, it being understood that purchases may not be made by assigning a put option to shareholders in proportion to the shares held, nor in the execution of systematic internalisation activities in a non-discriminatory manner and which provide for the automatic and non-discretionary execution of transactions on the basis of pre-set parameters;
3. to authorise the Board of Directors to dispose, on one or more occasions, of all or part of the treasury shares in the portfolio, without time limits, even prior to the exhaustion of the maximum number of shares available for purchase, and to repurchase the shares to the extent that the treasury shares held by the Company and, where applicable, by its subsidiaries, do not exceed the limit established pursuant to point 2 above (as specified in the Illustrative Report of the Board of Directors), in the manner deemed most appropriate in the interest of the Company and in compliance with the applicable regulations and, where applicable, the accepted market practices at the time, for the purposes set out in the aforesaid Illustrative Report and within the limits and conditions laid down in the same Report, to which full reference is made, provided in particular that the treasury shares purchased to support the 2021-2025 Performance Share Plan and/or any other share incentive plans intended for the Directors and/or employees of TERNA S.p.A. and/or its subsidiaries and/or associated companies are assigned in the manner and within the terms indicated in the regulations of such plans;
 4. to grant the Board of Directors and, on its behalf, the Chairperson of the Board of Directors and the Chief Executive Officer, also severally and with the power to sub-delegate, the broadest powers required to implement the resolutions referred to in the previous points and to provide information to the market in relation to the same, in accordance with the regulations, including EU regulations and, where applicable, market practices applicable at the time”.

ON THE FIFTH ITEM ON THE AGENDA

Report on the paid remuneration and compensation policy

Dear Shareholders,

in accordance with art. 123-ter of TUF and art. 84-quater of the Issuers' Regulations, the Board of Directors of TERNA S.p.A. has prepared the "Report on the paid remuneration and compensation policy", which will be made available to the public at the registered office, in the section of the Company's website (<https://www.terna.it/en>) dedicated to this Shareholders' Meeting, as well as via the centralized storage mechanism "1Info" (www.1info.it), in accordance with the terms provided for under applicable laws.

It should be noted that, in accordance with article 123-ter of the TUF – as amended by Italian Legislative Decree no. 49 of May 10, 2019, to implement Directive (EU) 2017/828 of the European Parliament and of the Council of May 17, 2017 "*amending Directive 2007/36/EC as regards the encouragement of the long-term commitment of shareholders*" – the aforementioned Report is divided into two sections and contains:

- in the first section, an illustration of the Company's policy on the remuneration of members of the Board of Directors and the Board of Statutory Auditors, the General Manager and the Senior Managers with strategic responsibilities with reference to the 2021 financial period, as well as the procedures for the adoption and implementation of such policy (see point 3). This section, pursuant to the combined provisions of new subsections 3-bis and 3-ter of art. 123-TUF of the TUF, as introduced with Italian Legislative Decree no. 49/2019, is subject to the binding vote of the Shareholders' Meeting;
- in the second section, the indication of the remuneration paid to the members of the Board of Directors and the Board of Statutory Auditors, the General Manager and the Senior Managers with strategic responsibilities (for the latter in aggregate form) in the 2020 financial period (see point 4); this section, in accordance with subsection 6 of art. 123-ter of the TUF, as amended by via Italian Legislative Decree no. 49/2019, is subject to the non-binding vote of the Shareholders' Meeting.

In view of the above, with reference to this item on the agenda, two different and separate votes will be taken at the Meeting on the basis of the following proposals.

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5.1 1st section: report on the remuneration policy (binding resolution)

We submit for your approval the following

proposal

“The Shareholders' Meeting of TERNA S.p.A.

- having read the “Report on the paid remuneration and compensation policy” of TERNA S.p.A. drafted by the Board of Directors of the Company in accordance with art. 123-ter of the TUF;
- having examined in detail the first section of this Report, containing, in accordance with subsection 3 of the aforesaid art. 123-ter, an illustration of the Company's policy on the remuneration of members of the Board of Directors and the Board of Statutory Auditors, the General Manager and the Senior Managers with strategic responsibilities with reference to the 2021 financial period, as well as the procedures for the adoption and implementation of such policy;
- considering that, in accordance with the combined provisions of subsections 3-bis and 3-ter of art. 123-ter of the TUF, the vote of the Shareholders' Meeting on the aforementioned first section of the “Report on the paid remuneration and compensation policy” is binding in nature,

resolves

to approve the first section of the “Report on the paid remuneration and compensation policy” drafted by the Board of Directors of the Company pursuant to art. 123-ter, subsection 3, of the TUF.

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5.2 2nd section: report on the compensation policy (non-binding resolution)

We submit for your approval the following

proposal

“The Shareholders' Meeting of TERNA S.p.A.

- having read the “Report on the paid remuneration and compensation policy” of TERNA S.p.A. drafted by the Board of Directors of the Company in accordance with art. 123-*ter* of the TUF;
- having examined in particular the second section of this Report, containing, in accordance with subsection 4 of the aforesaid art. 123-*ter*, an indication of the remuneration afforded to the members of the Board of Directors and the Board of Statutory Auditors, to the General Manager and to the Senior Managers with strategic responsibilities (for the latter in aggregate form) related to 2020;
- considering that, in accordance with subsection 6 of art. 123-*ter* of the TUF, the vote of the Shareholders' Meeting on the aforementioned second section of the “Report on the paid remuneration and compensation policy” is non-binding in nature,

resolves

in favour of the second section of the “Report on the paid remuneration and compensation policy adopted by TERNA S.p.A.” drafted by the Board of Directors of the Company pursuant to art. 123-*ter*, subsection 4, of the TUF.”