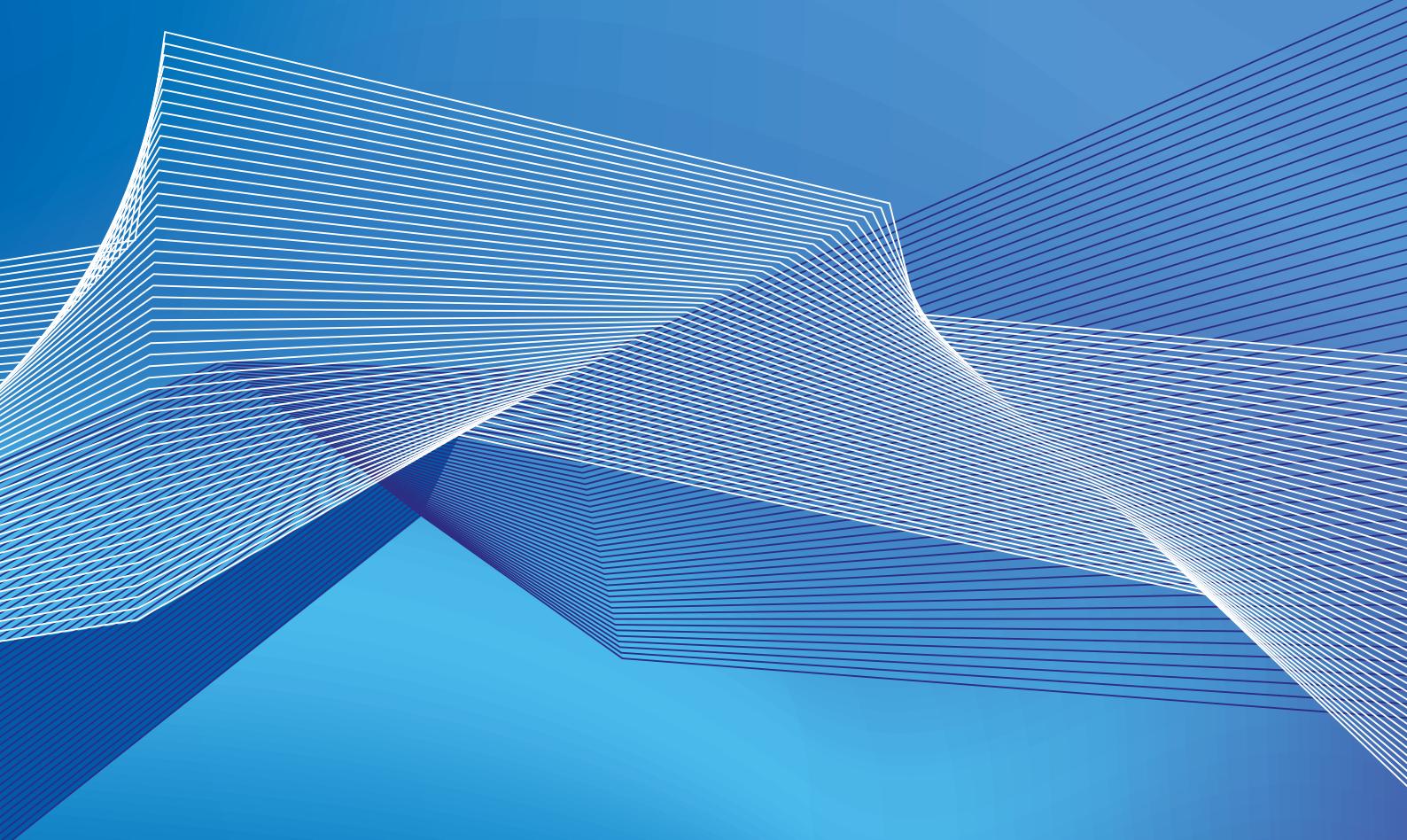


2025

Report on the Remuneration Policy and Remuneration Paid

Milan, 25 March 2025





Report on the Remuneration Policy for 2025 and Remuneration Paid in 2024 Terna S.p.A. and the Terna Group

Traditional management and control model

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

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

Website: www.terna.it

Annual reporting period to which the Report refers: 2024

Report approval date: 25 March 2025



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. ”



Letter from the Chairman of the Remuneration and Nominations Committee

Dear Shareholders,



As Chairman of the Remuneration and Nominations Committee, I have the pleasure of introducing the Report on the Remuneration Policy for 2025 and on the Remuneration paid for 2024, structured as provided for by art. 123-ter of the Consolidated Law on Finance and approved by the Board of Directors on March 25, 2025. This is not a mere fulfilment but a valuable opportunity to provide a clear, exhaustive and transparent illustration, addressed to Shareholders and all stakeholders, of Terna's Remuneration Policy for 2025 and of the remuneration paid to the Company's Directors, Statutory Auditors and Key Management Personnel in 2024.

In achieving Italy's energy transition and independence, Terna plays a central and strategic role by pursuing ambitious environmental objectives while ensuring the competitiveness of the production system and access to reasonably priced electricity supplies for all the consumers. The transition process requires very high investments and the ability to make them efficiently, with no room for error, within a very tight timeframe, dictated by international agreements as well as the expectations of the industrial system and citizens. The degree of change required is not achievable without advanced skills and cutting-edge technological expertise, capable of simultaneously addressing the dual challenge of energy and digital technology; the huge investment in latest-generation technologies must therefore be supported by highly qualified human capital. Fully understanding the strategic priorities, the urgency of change and the key factors for its successful achievement, Terna, during this term of office, has been able to significantly accelerate the recruitment of people with a STEM (Science, Technology, Engineering, Mathematics) profile and has established close working relationships with important universities and research centres (17 universities are involved and the PCTO – a programme that combines school and work – has been extended from 10 schools involved in 2024 to 25 in 2025). In 2024 alone, around 300 STEM resources were recruited (of which around 30 percent were female) and the trend continues in 2025.

The Remuneration Policy must be consistent with and functional to the outlined strategic framework. We consider the current systems through which the Remuneration Policy is implemented to be well-tested, advanced and effective; naturally, the intense engagement with investors and stakeholders, an accurate benchmarking survey and the search for international best practices - also due to the contribution of specialised advisors - offer ideas and stimuli for a process of continuous improvement, obviously in compliance with regulatory apparatus and contractual obligations in force.

The complex analysis process followed by the Remuneration and Nominations Committee, optimally supported by the Company's managerial structures, has led - in a nutshell - to the following proposals for 2025, endorsed by the Board of Directors at the meeting to approve the Annual Report:

- Remuneration of the Chairman, Chief Executive Officer and General Manager, non-executive Directors, members of the Board of Statutory Auditors: no change.
- Short-term incentive (STI): introduction of a new parameter called "Reducing Behavioural Accidents" within the composition of the indicators relating to Workplace safety. This leading (proactive) indicator is added to the other two lagging (reactive) ones, in order to further strengthen the change management process already underway.
- Long-term incentive (LTI): introduction of a new parameter called "Connections" (it measures the commissioning of new capacity from renewable sources), with a weighting of 10 percent; consequent reduction in the weighting of cumulative EBITDA from 20 to 15 percent (however, it should be noted that in the short-term incentive, the important indicator of operating EBITDA retains its weighting of 25 percent) and reduction in the weighting of relative TSR from 20 to 15 percent.

- Severance: no more exceptions will be allowed.
- Access to the LTI: increase of the maximum number of potential beneficiaries from 120 to 180; the expansion of the pool, which can include not only executives but also particularly talented middle managers, responds to the logic of:
 - attracting highly qualified STEM resources;
 - motivating high performers;
 - aligning the interest of those who “know and make a difference” with that of the shareholders.

Retrospectively, with regard to 2024, we observe that:

- the power given to the CEO to increase the percentage (on the Gross Annual Pay - GAP) on target of the LTI up to 80 percent made it possible to emphasise the meritocratic approach and improve the pay mix;
- The payout of the variable component of the incentive systems, despite the results having exceeded the best expectations, showed a slight decrease due to the deliberate choice to increase the level of ambition of the targets;
- Severance: it should be noted that, while safeguarding the acquired rights, for newly appointed (promoted or newly hired) executives, the LTI was excluded from the severance calculation; already today, this significant change impacts about 10 percent of the scope of reference.

Finally, it is worth emphasising, once again this year, the importance of the leadership model and value system, which are essential in an excellent and high-performing company: an inclusive and collaborative work environment, respect for all stakeholders, and a widespread culture of merit are essential and indispensable elements. Empowerment, accountability, pay for performance cannot be just empty words but must be part of the daily experience of operational management; we believe that this architecture of values and leadership is the compass that guides the actions of Terna's management.

The content of this letter reflects the contributions of all the Directors who make up the Remuneration Committee - Regina Corradini D'Arienzo, Gian Luca Gregori, Karina Audrey Litvack, Simona Signoracci and, until 23 October 2024, Angelica Krystle Donati and Dottoressa Anna Chiara Svelto - whom I wish to personally thank for their extraordinary commitment and always attentive and constructive approach.

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

Yours sincerely,

Enrico Tommaso Cucchiani

Chairman of the
Remuneration and Nominations Committee



Introduction

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

The document is divided into two sections:

- **Section I – Report on the Remuneration Policy for 2025** – describing the policy adopted by Terna for 2025 in respect of the remuneration of Directors, the General Manager, Key Management Personnel and members of Oversight Bodies, specifying the overall purposes pursued, the bodies involved and the procedures used in its adoption and implementation, as well as for the application of temporary exemptions;
- **Section II – Report on remuneration paid in 2024** – setting out details of the remuneration paid in 2024, by name in the case of Directors, Statutory Auditors and the General Manager and, in aggregate form, in the case of Key Management Personnel.

This Report was prepared in compliance with the current¹ statutory requirements and is consistent with the regulations established by the CONSOB².

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

On 25 March 2025, Terna's Board of Directors, on the recommendation of the Remuneration and Nominations Committee, approved Sections I and II of this Report. Section I, containing the "Report on the Remuneration Policy", is subject to a binding vote at the General Meeting of Shareholders, whilst Section II, containing the "Report on remuneration paid" and providing detailed information on pay in 2024, is subject to a non-binding vote at the General Meeting of Shareholders called to approve the financial statements for the year ended 31 December 2024.

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

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

Please note that the current Board of Directors was appointed by the General Meeting of Shareholders of 9 May 2023 and will remain in office for three years, until the General Meeting of Shareholders to approve the Financial Statements as at 31 December 2025.

The pay of Directors with delegated powers and the fees payable to non-executive Directors for their participation in Board Committees, as reported in Section I of this Report, were set by the current Board of Directors, which has in any event continued to follow a broadly similar approach to the previous Board.

The text of this Report will be made available to the public at the Company's head office and in the Governance section of the Company's website www.terna.it, within the twenty-first day preceding the date of the Annual General Meeting called to approve the financial statements for the year ended 31 December 2024, as required by the legislation in force.

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

EXECUTIVE SUMMARY





Executive Summary

A summary of the Remuneration Policy for 2025, drawn up in accordance with decisions taken by the Board of Directors in office for the period 2023-2025, is provided below. The Policy is broadly aligned with the Remuneration Policy applied during the previous Board's term of office.

| | FIXED REMUNERATION | SHORT-TERM INCENTIVE SCHEME (STI) | LONG-TERM INCENTIVE SCHEME (LTI) |
|-------------------------|---|---|---|
| | <i>Remunerates the skills, the experience and the contribution required by the role.</i> | <i>Incentivises the achievement of the annual operating and financial performance targets set in the budget, and further non-financial annual targets.</i> | <i>Ensures the long-term alignment of management actions with shareholders' interests and achievement of the Strategic Plan objectives.</i> |
| | | Amount | |
| CHAIRMAN | <p>€238,000 gross per year, of which:</p> <ul style="list-style-type: none"> • €50,000 pursuant to para. 1, art. 2389 of the Italian Civil Code; • €188,000 pursuant to para. 3, art. 2389 of the Italian Civil Code | -- | -- |
| | | Conditions for implementation | |
| | Determined also using market benchmarks in relation to companies comparable on the basis of predefined criteria. | -- | -- |
| | | Amount | |
| CHIEF EXECUTIVE OFFICER | <p>€235,000 gross per year, of which:</p> <ul style="list-style-type: none"> • €35,000 pursuant to para. 1, art. 2389 of the Italian Civil Code; • €200,000 pursuant to para. 3, art. 2389 of the Italian Civil Code; | <p>€50,000 gross on achieving the minimum level of performance (an objective with a weighting of 25% ON)</p> <p>€200,000 gross on achieving the maximum level (all objectives ON).</p> | -- |
| | | Conditions for implementation | |
| | Determined also using market benchmarks in relation to companies comparable on the basis of predefined criteria | <p>Targets for 2025:</p> <ul style="list-style-type: none"> • Weighting 50%: Net profit for 2025 - the Terna Group • Weighting 25%: Incentives output - DSM • Weighting 25%: Incentives output - Interzonal <p>Clawback provisions apply.</p> | |
| | | Amount | |
| GENERAL MANAGER | €850,000 gross per year. | <p>€300,000 gross if the score of all of the targets meets the target (100%);</p> <p>€450,000 gross if the score for all the targets is at maximum level (150%).</p> | <p>Award of Performance Shares equal to 123.6% of gross annual pay (GAP), based on the total amount for the three-year period of the Performance Share Plan 2025-2029, if the weighted average of the scores for the individual objectives are at target (100%) and if the value of Terna's shares is equal to the value at the grant date.</p> |
| | | Conditions for implementation | |
| | Determined also using market benchmarks in relation to companies comparable on the basis of criteria | <p>Weighting 25%: Ebida 2025 - the Terna Group</p> <ul style="list-style-type: none"> • Weighting 20%: Investments • Weighting 10%: Assets entering service • Weighting 20%: Quality of service • Weighting 10%: Workplace safety indicator (SI) Terna Group personnel working in the electricity sector • Weighting 10% Reducing Behavioural Accidents • Weighting 5%: Injuries to contractors' personnel in Italy <p>Clawback provisions apply.</p> | <p>Performance Share Plan 2025-2029 objectives:</p> <ul style="list-style-type: none"> • Cumulative EBITDA over the 3-year period (weighting 15%) • FFO / Average Net Debt over the 3-year period (weighting 30%) • Relative TSR: Terna's ranking in the relevant peer group (weighting 15%) • Overagegeneration (weighting 30%) • Connections (weighting 10%) <p>Clawback provisions apply.</p> |

Executive Summary

Section I: Report on the remuneration policy for 2025

Section II: Report on remuneration paid in 2024

| | FIXED REMUNERATION | SHORT-TERM INCENTIVE SCHEME (STI) | LONG-TERM INCENTIVE SCHEME (LTI) |
|--|--|--|---|
| | Remunerates the skills, the experience and the contribution required by the role. | Incentivises the achievement of the annual operating and financial performance targets set in the budget, and further non-financial annual targets. | Ensures the long-term alignment of management actions with shareholders' interests and achievement of the Strategic Plan objectives. |
| | | Amount | |
| | Fixed remuneration is linked to the role held and the responsibilities assigned and the manager's experience and strategic. | Incentives up to 60% of the Gross Annual Pay (GAP) for results at target (100%) and up to 90% for results at the maximum level (150%). | Award of Performance Shares up to 80% of gross annual pay (GAP), based on the total amount for the 3-year term of the Performance Share Plan 2025-2029 if the weighted average of the scores for the individual objectives are at target (100%) and if the value of Terna's shares is equal to the value at the grant date. |
| | | Conditions for implementation | |
| KEY MANAGEMENT PERSONNEL | Determined also using market benchmarks in relation to companies comparable on the basis of predefined criteria. | <p>The annual incentive is linked to:</p> <ul style="list-style-type: none"> • achievement of the Performance Gate (budgeted EBITDA range); • Group objectives (weighting 40%); • objectives shared across several departments (weighting 20%); • individual objectives linked to the organisational role held (weighting 30%); • qualitative objectives linked to management expertise (weighting 10%). | <p>Performance Share Plan 2025-2029 objectives:</p> <ul style="list-style-type: none"> • Cumulative EBITDA over the 3-year period (weighting 15%) • FFO / Average Net Debt over the 3-year period (weighting 30%) • Relative TSR: Terna's ranking in the relevant peer group (weighting 15%) • Overagegeneration (weighting 30%) • Connections (weighting 10%) <p>Clawback provisions apply.</p> |
| | | | |
| | BENEFIT | | SEVERANCE |
| | Complete remuneration packages and primarily regard aspects relating to welfare and pensions. | A severance payment designed to protect the Company's interests by preventing potential disputes. | |
| | | Description | |
| CHAIRMAN | • Insurance policy for occupational and non-occupational accidents related to the position. | A severance payment on completing the term of office, equal to 1/12 of remuneration paid for each year in office. | |
| | | Conditions for implementation | |
| | | On completion of the term of office. | |
| | | Description | Description |
| | • Insurance policy for occupational and non-occupational accidents related to the position. | | |
| CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER | The benefits package is defined in accordance with the provisions of the relevant National Collective Employment Contract as well as company policies and practices applicable to all executives, by way of example: | <ul style="list-style-type: none"> • Supplementary pension; • Supplementary health insurance; • Life, permanent disability and accident insurance; • Company car for mixed use. | |
| | | Conditions for implementation | Conditions for implementation |
| | In accordance with the provisions of the above-mentioned sources. | <p>In line with the Board of Directors' resolution of 9 May 2023, except in the event of dismissal for disciplinary reasons and resignations without just cause, on termination of the employment relationship linked to the end of the term of office, the following applies (i) as General Manager, a severance payment equal to 24 months' pay; (ii) as Chief Executive Officer, a termination payment due at the end of the term in office equal to 1/12 of total pay (fixed remuneration plus short-term variable incentives) for each year in office as CEO.</p> | |
| | | | |
| KEY MANAGEMENT PERSONNEL | The benefits package is defined in accordance with the provisions of the relevant National Collective Employment Contract as well as company policies and practices applicable to all executives, by way of example: | <ul style="list-style-type: none"> • Supplementary pension; • Supplementary health insurance; • Life, permanent disability and accident insurance; • Company car for mixed use. | |
| | | Conditions for implementation | Description |
| | In accordance with the provisions of the above-mentioned sources. | <p>At Terna, the CEO's position as a Director and the General Manager's employment relationship are connected, so that, unless renewed, when one is terminated so is the other fiduciary relationship.</p> | |
| | | | |
| | | Description | |
| | | <p>Except in the event of dismissal for disciplinary reasons with just cause or resignations for reasons other than just cause, in the event of early termination of the employment relationship by the Company, a severance payment may be due within the limits set by this Policy.</p> | |
| | | Conditions for implementation | |
| | In accordance with the provisions of the above-mentioned sources. | <p>Early termination of the employment relationship by the Company.</p> | |





Section I: Report on the Remuneration Policy for 2025

Contents

| | |
|---|----|
| 1. Summary of the main changes in this Report | 13 |
| 2. Engagement process and remuneration policies | 14 |
| 2.1 Outcome of shareholder votes and feedback | 14 |
| 2.2 The Terna Group's Total Shareholder Return and operating performance | 17 |
| 2.3 Remuneration benchmarking | 18 |
| 2.4 Pay mix | 19 |
| 3. Governance of the remuneration process | 20 |
| 3.1 Corporate bodies and parties involved | 20 |
| 3.2 Policy approval process | 28 |
| 3.3 Independent experts and other parties involved | 29 |
| 4. Remuneration policy | 30 |
| 4.1 Content, purposes and links with the Group's strategy | 30 |
| 4.2 Guidelines | 36 |
| 4.3 Implementation | 36 |
| 4.4 Elements of the Remuneration Policy | 36 |
| 4.5 Remuneration of members of the Board of Directors | 36 |
| 4.5.1 Remuneration of Directors without delegated powers | 37 |
| 4.5.2 Remuneration of Directors with delegated powers | 37 |
| 4.6 Remuneration of members of the Board of Statutory Auditors | 50 |
| 4.7 Remuneration of Key Management Personnel | 50 |
| 5. Detailed index of topics (Consob Resolution 18049 and subsequent revisions, Section I) | 56 |
| 6. Detailed index in accordance with Recommendation 27 of Art. 5 of the Corporate Governance Code (January 2020 Edition) | 57 |

1. Summary

of the main changes in this Report

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

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

Changes for 2025

Below are the main changes introduced in the 2025 Remuneration Policy:

- Short-term incentive (STI): introduction of a new parameter called “Reducing Behavioural Accidents” within the composition of the indicators relating to Workplace safety. This leading (proactive) indicator is added to the other two lagging (reactive) ones, in order to further strengthen the change management process already underway.
- Long-term incentive (LTI): introduction of a new parameter called “Connections” (it measures the commissioning of new capacity from renewable sources), with a weighting of 10 percent; consequent reduction in the weighting of cumulative EBITDA from 20 to 15 percent (however, it should be noted that in the short-term incentive, the important indicator of operating EBITDA retains its weighting of 25 percent) and reduction in the weighting of relative TSR from 20 to 15 percent.
- Severance: no more exceptions will be allowed.
- Access to the LTI: increase of the maximum number of potential beneficiaries from 120 to 180; the expansion of the pool, which can include not only executives but also particularly talented middle managers, responds to the logic of:
 - attracting highly qualified STEM resources;
 - motivating high performers;
 - aligning the interest with that of the shareholders.



2. Engagement

and remuneration policies

2.1 Outcome of shareholder votes and feedback

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

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

To this end, Terna has continued the engagement activities, holding a series of meetings with the main institutional investors and proxy advisors in the period between February and March 2025. This was done to expand on the views expressed by these parties on key aspects of the Report on the Remuneration Policy and Remuneration Paid submitted to the General Meeting of Shareholders of 10 May 2024. In particular, meetings were held to discuss the outcome of the voting on the 2024 Remuneration Report and to present the new features of this Report. The investors invited to participate in this off-season engagement activity, selected also taking into account the voting positions they expressed at the last General Meeting of Shareholders, represented about 25.2% of the share capital, or 44.6% of the capital held by institutional investors.

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

The shareholder engagement activity took place in a dynamic and constructive atmosphere, and analysts generally appreciated the dialogue initiative and practices implemented by the Company, also emphasising their importance in order to guarantee the protection of the interests of investors in general. This process provided the departments responsible for Terna's remuneration policies and the Remuneration and Nominations Committee with precious feedback on the views of shareholders and, more generally, on those of the market regarding the nature of the Remuneration Policy adopted by Terna. During the meetings, various topics were discussed related to the Company's remuneration package approved by the 2024 General Meeting of Shareholders and the changes made to it in this 2025 Remuneration Report, as well as other aspects related to the Company's strategy, ESG initiatives, and the composition of the Board of Directors and its Committees.

This feedback, together with the results of the activities carried out in the year and the outcome of votes on remuneration resolutions at the 2024 General Meeting of Shareholders, as well as the voting policies adopted by key investors and proxy advisors, was taken into account when defining the Remuneration Policy for 2025. The Policy contains the following elements:

| FEEDBACK | TERNA'S REMUNERATION POLICY |
|--|--|
| Remuneration policy for executive Directors | |
| Appreciation for the Remuneration Policy also with regard to information transparency. The actions taken by the company following the results of the previous Annual General Meeting's vote on remuneration are to be further clarified. | Terna's Remuneration Policy was further detailed, especially with reference to the link with the Group's strategy and the related description of the performance metrics of the incentive systems, and the impact of the changes that were approved in 2024. In addition, Terna's constant commitment and significant investment in engagement activities with all the Stakeholders was presented in detail. |
| Appreciation of potential changes to the exemption clause and absence of significant findings. | The option of applying exceptions granted to the Board of Directors on the recommendation of the Remuneration and Nominations Committee, in compliance with the Procedure for Related Party Transactions, already illustrated in the Report on the Policy for 2024, was limited to the 2025 Policy excluding the application on the Severance. |
| Performance based pay | |
| General non-critical remarks on short- and long-term KPIs and their challenging nature. | Introduction of two new indicators, one in the STI in addition to the two already present on Workplace Safety, one in the LTI on ESG on Connections. Additional challenge of performance curves, which already led to a reduction in the achieving level of the indicators in 2024. |

Following publication of this Report, Terna is also available to continue this process of engagement with stakeholders, organising a new series of meetings with any interested key investors and proxy advisors, with the aim of helping them to fully understand all aspects of the Remuneration Policy for 2025.

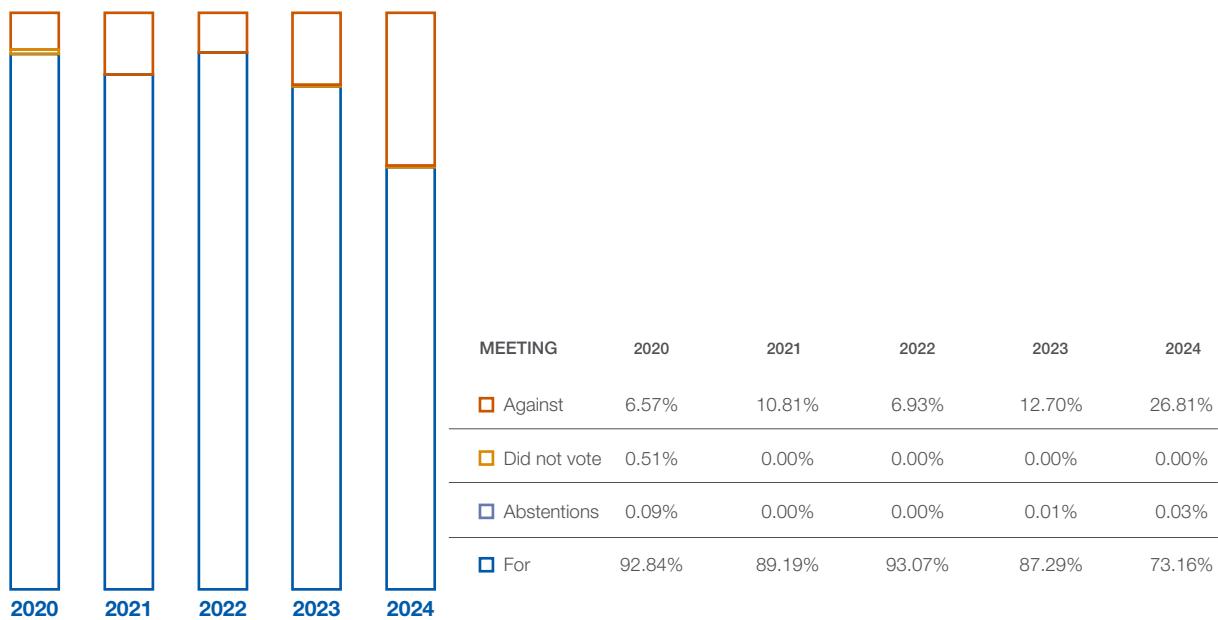
Full disclosure regarding the remuneration of Directors and management is also provided in the constantly updated "Remuneration" page in the "Governance" section of the Company's website.



REPORT ON THE REMUNERATION POLICY FOR 2025 AND REMUNERATION PAID IN 2024

The outcomes of shareholder votes on Remuneration Reports between 2020 and 2024 are shown below. Faced with the percentage deviation of those voting in favour between 2023 (87.29%) and 2024 (73.16%), Terna undertook an intense engagement activity, involving shareholders in order to clarify the rationale behind the proposals made by Terna at the last Annual General Meeting.

Outcome of voting results on the Remuneration Policy (2020-2024)



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

Trends in the Terna Group's Total Shareholder Return (TSR) are shown below, with reference to its peers and the European sector benchmark index (DJ Stoxx Utilities) for the 2022-2024 period.

Over the three years from 2022 to 2024, Terna delivered a TSR of +21.7%, whilst the DJ Stoxx Utilities index recorded a TSR of +9.2%.

In the same period, Terna's shareholders enjoyed a return on their investment ahead of the average delivered by the peer group³ selected for the purposes of the LTI Plan, which stands at -0.2%.

Trend in Total Shareholder Return from January 2022 to December 2024



Operating performance of the Terna Group 2022 – 2024

| | 2022* | 2023* | 2024* | Δ 2024 VS 2023 |
|-------------------|---------|---------|---------|----------------|
| Revenue | 2,964.5 | 3,186.7 | 3,680.2 | 15.5% |
| EBITDA | 2,059.2 | 2,168.6 | 2,566.4 | 18.3% |
| EBIT | 1,333.5 | 1,362.3 | 1,677.4 | 23.1% |
| Net profit | 857.0 | 885.4 | 1,061.9 | 19.9% |

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

³ The "peer average" is related to: Snam, Redeia, Enagas, National Grid, United Utilities and Severn Trent. Source: Bloomberg.



2.3 Remuneration benchmarking

Chief Executive Officer and General Manager

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

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

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

Key Management Personnel

In the case of Key Management Personnel, the Remuneration and Nominations Committee also periodically conducts a comparative assessment of overall remuneration for similar roles with the assistance of a specialist consulting firm. Specifically, Terna bases its assessment on the total remuneration for similar roles in a peer group of 36 major Italian and European companies, both listed and unlisted, deemed comparable to Terna in terms of sector, business model and market capitalisation.

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

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

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

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

2.4 Pay mix

Chief Executive Officer and General Manager

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

100%

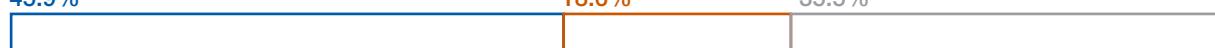


Pay mix assuming performance of the objectives, to which the variable remuneration is linked, below the minimum level

45.9%

18.6%

35.5%

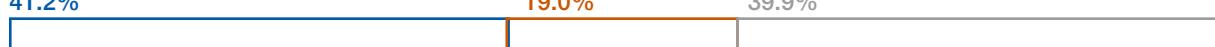


Pay mix assuming variable remuneration targets achieved at the minimum level

41.2%

19.0%

39.9%



Pay mix assuming variable remuneration targets achieved at the target level

32.8%

19.6%

47.6%



Pay mix assuming variable remuneration targets achieved at the maximum level

Fixed remuneration

Short-term incentive scheme (STI)

Long-term incentive scheme (LTI)

Fixed remuneration: Fees pursuant to Art. 2389 para. 1 and para. 3 + Gross Annual Pay (GAP).
Long-term incentive: refers to the bonus potential of the three-year plan.

Key Management Personnel

100%



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

54.9%

21.2%

23.9%



Pay mix assuming variable remuneration targets achieved at the minimum level

49.4%

23.8%

26.9%



Pay mix assuming variable remuneration targets achieved at the target level

39.4%

28.4%

32.1%



Pay mix assuming variable remuneration targets achieved at the maximum level

Fixed remuneration

Short-term incentive scheme (STI)

Long-term incentive scheme (LTI)

Fixed remuneration: Gross Annual Pay (GAP).
Long-term incentive: refers to the bonus potential of the three-year plan.

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



3. Governance of the remuneration process

3.1 Corporate bodies and parties involved

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

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

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

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

Corporate bodies and parties involved

| Subject to be remunerated | Proposal-making body | Decision-making body | Support structures | Independent advisor |
|------------------------------------|--|--|--------------------|---------------------|
| Chairman | Shareholders • Remuneration and Nominations Committee | • Annual General Meeting • Board of Directors | | |
| Chief Executive Officer | Shareholders • Remuneration and Nominations Committee | • Annual General Meeting • Board of Directors | | |
| Directors | • Shareholders | • Annual General Meeting | Human Resources | Independent advisor |
| Board of Statutory Auditors | • Shareholders | • Annual General Meeting | | |
| General Manager | • Remuneration and Nominations Committee | • Board of Directors | | |
| Key Management Personnel | • Remuneration and Nominations Committee | • Chief Executive Officer | | |

General Meeting of Shareholders

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

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

Board of Directors

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

The composition of the Board of Directors in office for the period 2023-2025 is shown below:

DIRECTORS WITH DELEGATED POWERS



**IGOR
DE BIASIO**

CHAIRMAN
Board of Directors

CHAIRMAN
Sustainability,
Governance and
Scenarios Committee



**GIUSEPPINA
DI FOGGIA**

**CHIEF EXECUTIVE
OFFICER AND
GENERAL
MANAGER**

Board of Directors



REPORT ON THE REMUNERATION POLICY FOR 2025 AND REMUNERATION PAID IN 2024

DIRECTORS WITHOUT DELEGATED POWERS



**JEAN-MICHEL
AUBERTIN**

DIRECTOR
Board of Directors

MEMBER
Sustainability,
Governance and
Scenarios Committee

MEMBER
Audit and
Risk Committee



**REGINA
CORRADINI
D'ARIENZO**

DIRECTOR
Board of Directors

MEMBER
Remuneration and
Nominations Committee



**ENRICO TOMMASO
CUCCHIANI**

DIRECTOR
Board of Directors

CHAIRMAN
Remuneration and
Nominations Committee

MEMBER
Audit and
Risk Committee



**ANGELICA
KRYSTLE DONATI**

DIRECTOR
Board of Directors

MEMBER
Related-Party
Transactions
Committee



**MARCO
GIORGINO**

DIRECTOR
Board of Directors

CHAIRMAN
Audit and
Risk Committee

MEMBER
Related-Party
Transactions Committee



**GIAN LUCA
GREGORI**

DIRECTOR
Board of Directors

MEMBER
Remuneration and
Nominations Committee

MEMBER
Related-Party
Transactions Committee



**KARINA AUDREY
LITVACK**

DIRECTOR
Board of Directors

MEMBER
Remuneration and
Nominations Committee

MEMBER
Audit and
Risk Committee



**FRANCESCO
RENATO MELE**

DIRECTOR
Board of Directors

MEMBER
Audit and
Risk Committee



**QINJING
SHEN**

DIRECTOR
Board of Directors

MEMBER
Sustainability,
Governance and
Scenarios Committee



**SIMONA
SIGNORACCI**

DIRECTOR
Board of Directors

MEMBER
Remuneration and
Nominations Committee

MEMBER
Sustainability,
Governance and
Scenarios Committee

MEMBER
Related-Party
Transactions Committee



**ANNA CHIARA
SVELTO**

DIRECTOR
Board of Directors

CHAIRWOMAN
Related-Party
Transactions Committee

MEMBER
Sustainability,
Governance and
Scenarios Committee

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

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

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

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

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

The commitment actually required from the Directors and members of the Oversight Body is shown below. The Board of Directors held 12 meetings in 2024. All the meetings were attended by all members of the Committee (99%) and the average duration was approximately 4 hours and 39 minutes.

The Company, in compliance with the self-regulatory regulations in force from time to time and in implementation of the provisions of Consob Regulation no. 17221 of 2010 "Related-Party Transactions" and the related procedure adopted, has set up the following board committees since 2004 and in the following years:

- Nominations Committee;
- Remuneration Committee;
- Related-Party Transactions Committee;
- Audit and Risk Committee.

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.

As of 23 October 2024, 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.



Remuneration and Nominations Committee

Composition

Terna's Remuneration Committee was established in 2004.

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

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

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

| NAME | ROLE |
|------|--|
| | Enrico Tommaso Cucchiani Chairman |
| | Regina Corradini D'Arienzo Member |
| | Gian Luca Gregori Member |
| | Karina Audrey Litvack Member |
| | Simona Signoracci Member |

Objectives, functions and activities

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

The Chairman of the Committee, with the assistance of the Secretary of the Committee and in coordination with the Company Secretariat, may from time to time invite the Chairman of the Board of Directors to the meetings of the Committee, with reference to the individual items on the agenda, the Chief Executive Officer, the members of the Audit, Risk and Sustainability

Committee and other members of the Board of Directors, as well as, after informing the Chief Executive Officer, other members of Terna's organisation or other persons whose presence may be helpful to the Committee in carrying out its duties.

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

Tasks of the Remuneration and Nominations Committee

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

- To periodically assess the adequacy and overall coherence of the Remuneration Policy for Directors, members of the Board of Statutory Auditors and Key Management Personnel.
- To submit proposals or express opinions to the Board of Directors on the remuneration of executive Directors and other Directors with delegated powers, and to determine the performance objectives linked to the variable component of their remuneration, which also include indicators relating to ESG factors.
- To monitor effective application of the Remuneration Policy and verify the effective achievement of performance targets.
- To draw up and submit to the Board of Directors and monitor the application of short- and long-term incentive schemes (including shareholding plans) aimed at Terna's executive Directors and/or key management personnel and/or other senior managers of the Company and/or the Group. Such schemes are intended as a means for attracting, retaining and motivating personnel with suitable experience and expertise, by fostering loyalty and ensuring a constant focus on the creation of value over time.
- To assist the Board of Directors in drawing up the Remuneration Policy for Directors, members of the Board of Statutory Auditors and the key management personnel and in any subsequent amendments, verify, among other things, how, in determining this policy, the pay and working conditions of its employees and/or Group employees were taken into account.
- To assist the Board of Directors in preparing the report on the Remuneration Policy and on remuneration paid pursuant to art. 123-ter of the CLF.
- To verify the independence of any external consultants that the Company uses for the purpose of drawing up the Remuneration Policy, or any subsequent amendments to it, and carry out any additional tasks assigned to it by the Board of Directors.
- To propose to the Board of Directors, subject to the favourable opinion of the Related-Party Transactions Committee, temporary exceptions to the Remuneration Policy, in accordance with the provisions of art. 123-ter, para. 3-bis of the CLF.



REPORT ON THE REMUNERATION POLICY FOR 2025 AND REMUNERATION PAID IN 2024



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

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

During 2024, the Committee held a total of 9 meetings, characterised by the regular participation of its members (100%) and an average duration of approximately 126 minutes.

In 2024, the Committee dealt with the following matters, among other things:

- preparation of the proposed Remuneration Policy for 2024, described in the Report on the Remuneration Policy and Remuneration Paid, as approved by the Board of Directors, submitted to a binding vote at the Annual General Meeting called to approve the financial statements for the year ended 31 December 2023 in accordance with art. 123-ter, paragraphs 3-bis and 3-ter of the CLF;
- support for the Board of Directors in preparing Section II of the Report on the Remuneration Policy and Remuneration Paid, as approved by the Board of Directors and submitted, pursuant to art. 123-ter, para. 6 of the CLF, to a non-binding vote at the Annual General Meeting called to approve the financial statements for the year ended 31 December 2023;
- examination of the objectives for 2024 to which the variable remuneration of the Chief Executive Officer, in his/her role as both a Director and as a manager employed by the Company, and Key Management Personnel is linked;
- assessment of achievement of the results for 2023 in respect of payment of the annual variable remuneration due to the then Chief Executive Officer, in his role as both a Director and as a manager employed by the Company, and to Key Management Personnel;
- assessment of achievement of the objectives linked to payments under Performance Share Plan 2021-2025;
- approval of details of the structure of the Performance Share Plan 2024-2028 and the related Information Circular, examination of elements involved in implementation of the Plan and approval of the terms and conditions and the instruments to be awarded;
- discussion for the planning of activities in 2025.

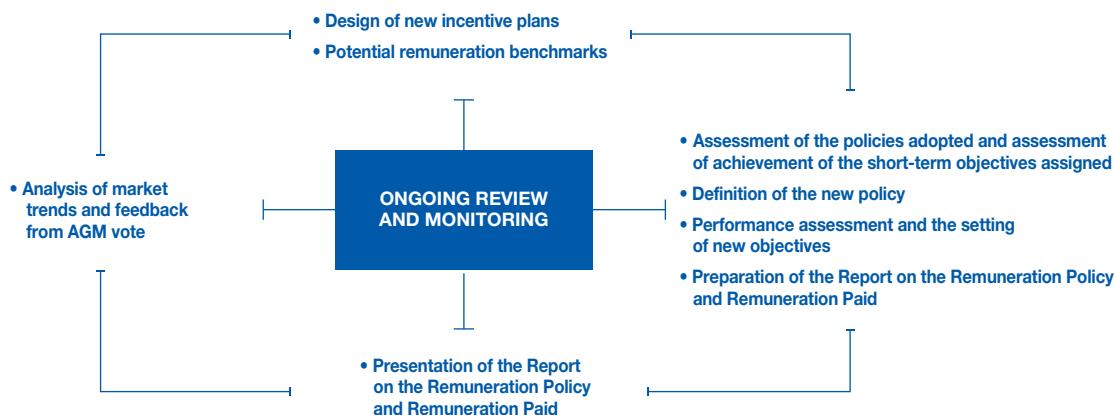
Below is a summary of activities carried out by the Committee in the first few months of 2025:

- Review of the results of the remuneration benchmarking, carried out by a leading consulting firm, in relation to the Chief Executive Officer and General Manager, and other members of the Board of Directors;
- preparation of the proposed Remuneration Policy for 2025, described in the Report on the Remuneration Policy and Remuneration Paid, as approved by the Board of Directors, which will be submitted to a binding vote at the Annual General Meeting called to approve the financial statements for the year ended 31 December 2024 in accordance with art. 123-ter, paragraphs 3-bis and 3-ter of the CLF;

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

THE ACTIVITY CYCLE OF THE REMUNERATION AND NOMINATIONS COMMITTEE

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



Board of Statutory Auditors

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

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

In 2024, the Board of Statutory Auditors, through its members, attended all meetings of the Remuneration and Nominations Committee (9 meetings).



3.2 Policy approval process

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



1. the Remuneration and Nominations Committee prepares the Company's Remuneration Policy for Directors (including the General Manager), Key Management Personnel and the Board of Statutory Auditors, working closely with the Human Resources Department and basing its analyses on the information and the work of the departments needed in order to carry out its role;
2. the Remuneration and Nominations Committee may call upon independent experts in the field;
3. the Remuneration and Nominations Committee submits the Policy for approval by the Board of Directors, which adopts the content thereof in relation to the Remuneration Policy for Directors (including the General Manager) and Key Management Personnel and long-term incentive plans. Furthermore, with reference to the determination of remuneration for the Chief Executive Officer and Directors holding special office, the Board hears the opinion of the Statutory Board of Auditors;
4. the Board of Directors, having examined and approved the Policy, puts it to the vote at the General Meeting of Shareholders, which holds a binding vote on Section I and a non-binding vote on Section II⁴.

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

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

⁴ It should be noted that the Procedure for Related-Party Transactions, adopted by the Board of Directors on 12 November 2010, as subsequently amended (lastly by the Board of Directors on 16 December 2021) excludes the following from the scope of the Procedure: shareholder resolutions pursuant to art. 2389, para. one of the Italian Civil Code, regarding the remuneration of members of the Board of Directors and the Executive Committee and resolutions on the remuneration for Directors with delegated powers falling within the total amount previously approved by Annual General Meeting in accordance with art. 2389, para. three of the Italian Civil Code, and shareholder resolutions pursuant to art. 2402 of the Italian Civil Code regarding the remuneration of members of the Board of Statutory Auditors. Furthermore, resolutions on the following matters are excluded from the scope of the Procedure for Related-Party Transactions:

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

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

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

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

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

3.3 Independent experts and other parties involved

Terna has opted to avail itself of the support provided by the consulting firms, Willis Towers Watson and Mercer to provide assistance with regard to the conduct of specific surveys of remuneration practices.

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

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

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

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



4. Remuneration Policy

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

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

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

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

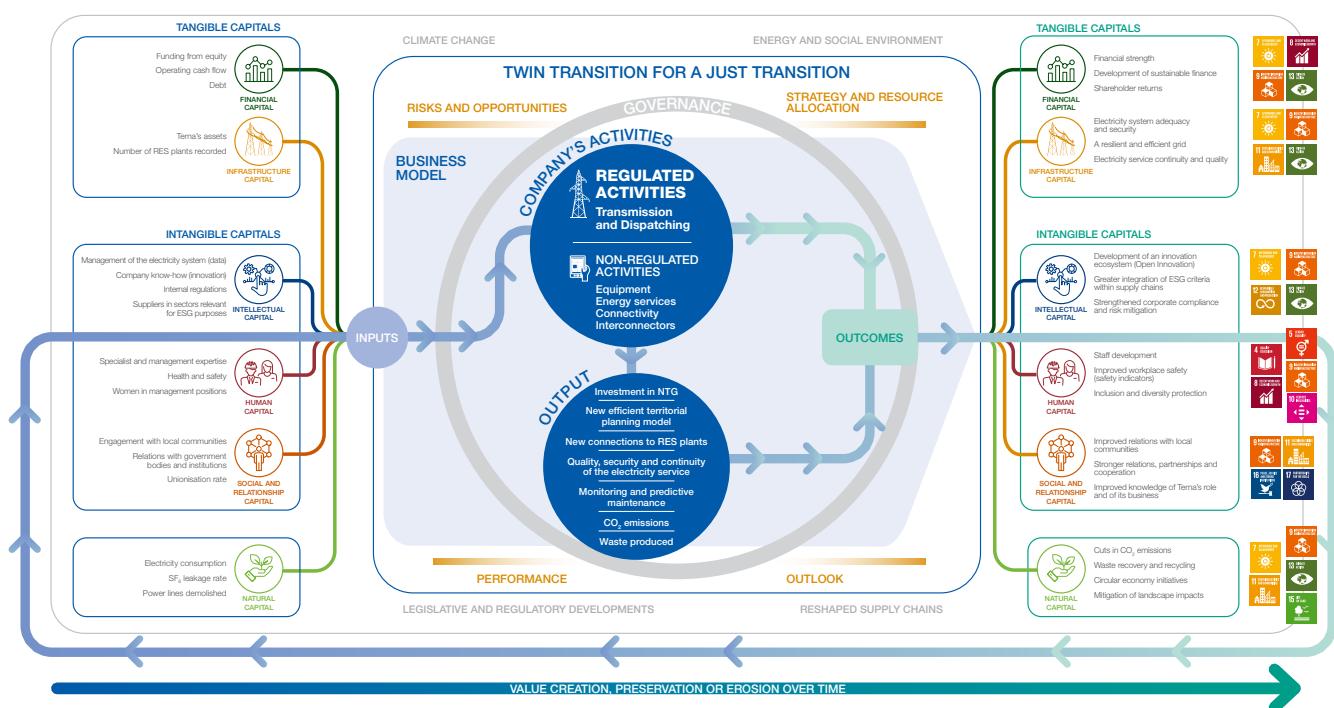
- *Attract, retain and motivate personnel with the professional skills required in order to successfully manage the Company*
- *Facilitate alignment of the interests of management with pursuit of the priority goal of creating shareholder value through the use of short- and long-term variable components of pay*
- *Support delivery of the objectives included in the Company's Industrial Plan*

The key aspects of the Group strategic vision are:

- **Regulated Activities:** an acceleration of investment in infrastructure and digitalisation and the reinforcement of core activities in Italy through the direct involvement of territories and dialogue with all stakeholders and local communities, confirming the role of the Terna Group as a driver of the energy transition and enabler of an increasingly complex, sustainable and innovative electricity system.
- **Non-regulated Activities:** Terna will continue to pursue new business opportunities thanks to the development of innovative and digital technologies in line with the Group's institutional role in the energy transition. Specifically, these activities include:
 - *Equipment*, covering both transformers, thanks to the consolidation of Tamini, and underground cables, through the distinctive skills acquired with the Brugg Cables Group, to respond to increasing demand in both sectors and strengthening the supply chain;
 - *Connectivity services*, also through partnerships, with telecommunications operators and electricity distributors, through fibre optic infrastructure housing and hosting services and the installation of telecommunications devices at existing offices of the Terna Group;
 - *Energy Solutions*, energy efficiency services for industrial clients and construction, revamping and O&M services for photovoltaic plants, in this case using the skills acquired through the LT Group along with innovative data collection and analysis technologies.

- **International Activities:** along with the ongoing process designed to extract value from the South American assets, Terna will continue with the strategic assessment of opportunities in geopolitically stable markets with attractive growth potential, where the Terna Group will be able to offer its experience and make the most of the expertise acquired through the planning and management of infrastructure.

The value creation process and the business model



The Terna Group's process for creating value over time⁵ is guided by a **Governance** oriented towards sustainable success that aims to define and implement a clear medium- and long-term **strategy**. Based on the guidelines contained within the **2025 Development Plan** and the update of the **2024-2028 Industrial Plan**, this strategy aims to foster and realise an energy and digital transition that also takes into account social impacts (a so-called **just transition**). Crucial to the achievement of this strategic objective is the correct **allocation of resources**, undertaking investments that aim to enhance and improve the efficiency and resilience of the National Transmission Grid (NTG) while ensuring an adequate assessment and management of economic and financial **risks**, including those of an ESG nature connected to the business, and of the possible **opportunities** related to them. In presenting its business model and any updates, among other things the Terna Group takes into account the impacts, risks and opportunities associated with significant areas of activity that could potentially occur in its own operations or those related to the value chain, in order to make it more resilient and adaptable to changes in the external context.

In line with the enabling factors of the 2024-2028 Industrial Plan update, the Terna Group's new business model is structured into two distinct areas of activity (Regulated Activities and Non-regulated Activities) that correspond to the core business (Electricity Transmission and Dispatching) and the complementary strand 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 (Non-regulated Activities).

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



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 central part of the infographic), and⁶ an **outcome**, to be understood as the process's ability to increase new resources and ensure their transformation in line with the objectives set by the Terna Group (on the right). As mentioned above, the capital that the Terna Group considers to create value and achieve its corporate objectives is both tangible – specifically, financial capital and infrastructure capital, represented by all of Terna's assets – and intangible – specifically, intellectual capital, human capital and social-relational capital.

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

Terna's benchmark SDGs



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.

Terna's Remuneration Policy for 2025 aims to guide the Group's management towards its strategic objectives while fully complying with the value creation model.

In particular, with reference to the choice of indicators underlying the incentive schemes, the Remuneration Policy is geared towards the achievement of ESG objectives, with short- and long-term incentives that can be linked to actions to combat climate change, first and foremost the objective directly linked to the realisation of the energy transition that rewards the reduction of overgeneration in order to optimise the scheduling of production from renewable sources and favour its integration into the National Electricity System. In addition, other objectives were also confirmed, relating to the development of the network infrastructure, such as, for example, quality of service, output incentives (DSM and inter-zonal) and investments and entries into service related to the regulated sector, which are the basis for the country's transition to a zero-carbon economy. Still on the subject of ESG objectives, it is worth mentioning the long-standing presence of STI plans related to the safety of Terna's workers and contractors.

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

- for the Chief Executive Officer and General Manager, the principal drivers of the Industrial Plan have been selected and shaped into annual objectives;

⁶ https://www.integratedreporting.org/wp-content/uploads/2021/09/IRFRAMEWORK_ITALIANO.pdf

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

For 2025, the following objectives set in relation to short-term incentives have been confirmed:

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

Furthermore, in the short-term incentive for 2025, an additional target related to Workplace Safety called "Reducing Behavioural Accidents" was introduced. This leading (proactive) indicator was introduced in order to further strengthen the change management process already underway by acting on the behaviour of individuals throughout their work.

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

Medium/long-term objectives are set for the long-term incentive scheme so as to ensure the sustainability of the business and align Terna's management with the Company's risk profile, as communicated to shareholders and stakeholders in the Industrial Plan.

In particular, for the new 2025-2029 long-term incentive plan, it was decided to:

- within the scope of operating performance:
 - confirmation of cumulative EBITDA with reduction in weighting to 15% and FFO on Net Debt with weighting of 30%, in order to ensure the Group's financial sustainability.
- within the scope of the market performance:
 - confirmation of the Total Shareholder Return and reduction of the weighting to 15%, in order to continue to ensure the best alignment between management and shareholder interests.
- within the scope of sustainability performance:
 - confirmation of Ovgeneration with a weighting of 30% and introduction of a new indicator, "Connections", with a weighting of 10% in order to pursue energy transition goals.

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



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Working conditions and pay of employees

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

- The certification on gender equality obtained in accordance with UNI PdR 125.2022 in March 2024 represents a further safeguard within Terna's DE&I policies. This certification is part of the company's broader strategy, which confirms it as one of the most inclusive organisations committed to promoting gender equality. Proof of this is Terna's inclusion in Standard & Poor's Gender Equality & Inclusion Index, the new international index launched in August 2021, which evaluates the performance of listed companies in terms of gender equality and inclusion. Furthermore, Terna's commitment translates into the adoption of a company "Diversity, Equity & Inclusion" policy which, together with the Group's Code of Ethics, commits the Company to pursuing gender inclusion and equality, and to promoting talent and female leadership with specific projects.
- The establishment of the Gender Equality Steering Committee, which oversees the implementation of the Gender Equality Strategic Plan. The Plan establishes concrete and measurable objectives over the three-year certification period and envisages initiatives to foster an inclusive corporate culture, including: activities raising awareness on gender stereotypes, welfare policies for work-life balance, competence-based selection processes and growth paths for female leadership. Monitoring is done through performance indicators and periodic reviews, with the Committee meeting at least twice a year to assess progress and update actions according to business needs. Terna also takes a structured approach in analysing the Gender Pay Gap, regularly monitoring pay data to ensure pay equity. All remuneration policies are based on equity and performance criteria, ensuring that salary is defined solely on the basis of role and responsibility, regardless of gender.
- The Terna Ability project, with which Terna is committed to going beyond legal obligations to create the best conditions to enable people belonging to protected categories to enter and fully participate in working life, acting on their growth process and on the causes that generate inequalities, to fully grasp the value and social innovation of the programme.
- The distribution of the value created by our community of people through the application of the agreement with trade unions on the Performance Bonus and opportunities linked to forms of corporate welfare.
- Terna has achieved important results, made possible thanks to the active participation of its people. In recognition of professionalism and dedication, an extraordinary Welfare initiative was introduced in 2024, dedicated to Employees and Workers, which takes the form of a "Welfare Credit", usable within a digital platform, in the following expenditure categories: Family and Education, Fringe Benefits, Health and Wellbeing, Savings and Welfare, and Leisure. The advantage of such a manoeuvre lies in the possibility of benefiting from the full value available, without any taxation, as required by current legislation, with a substantial increase in spending power of around 40%, when compared to a monetary disbursement.

- Extending certain welfare services to the entire corporate population, Terna implemented a new tool aimed at improving the work life balance, with a focus on parenthood. The aim was to concretely support families, accompanying them in the first phase of their family management, with a percentage contribution towards the cost of nursery school fees, in the 2024/2025 educational year. In addition, a 360° wellbeing platform is available for those who want to improve their psychophysical well-being. It offers the possibility of using a network of gyms with more favourable conditions and digital content to take care of oneself everywhere. In parallel, a dedicated partnership project is in place, with a focus on the active involvement of employees as well as the possibility of accessing a platform of special agreement with several product categories and dedicated discounts. Also confirmed is the dedicated tax assistance service and the possibility to visualise one's salary package through a digital Total Reward tool. In addition, in line with the relevant regulations, the platform for the conversion and utilisation of the Result Bonus has been adjusted, ensuring a higher threshold in terms of fringe benefits. In the course of 2025, the expansion of the Welfare offer is in the pipeline with several projects dedicated to the Health sphere.
- During the year, Terna Academy consolidated the fundamental role it plays in training as a lever for professional and personal growth, expanding the training offer available in self-learning mode, experimenting with new methodologies aimed at promoting continuous learning processes and developing the level of specialisation of the programmes. In particular, four important projects targeting the entire population were launched in the following areas: the culture of respect, project management, digital skills and D&I. In an era of rapid and profound change, digitalisation is redefining the way we work and relate. At the same time, the demands of sustainability and the new expectations emerging from the generations entering the world of work are steering us to building an increasingly inclusive work environment that focuses on well-being. Therefore, investing in people means investing in the future, ensuring not only the success of the company but also a positive impact on society. Quantitatively speaking, this has resulted in a significant increase in the total number of training hours, due to both the expansion of the training offer and the creation of courses involving the entire company population, and the introduction of innovative teaching methods.
- Constant feedback mechanisms at all levels of the workforce, including the Employee Net Promoter System (e-NPS), which was extended also to the company in 2024, with an average participation rate of about 80% of those eligible, monitoring the engagement rate by measuring the degree of satisfaction felt by employees with regards to working for Terna and within its organisational structure. The survey also analysed the ability to put into practice some fundamental values and behaviours such as respect, inclusion and empowerment and the level of satisfaction with the welfare goods and services offered.



4.2 Guidelines

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

4.3 Implementation

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

- the remuneration of Directors without delegated powers is aligned with their expertise, professionalism and commitment required in order to perform the tasks assigned to them and is linked to their participation in Board Committees, with differences between the amount paid to Chairman as opposed to the members of each Committee;
- the pay of the Chairman of the Board of Directors consists of fixed remuneration in keeping with the role held;
- the pay of the Chief Executive Officer and, if appointed, the General Manager⁷, is designed to ensure a balance that is appropriate and consistent with the Company's strategic objectives and risk management policy, bearing in mind the nature of the business and the sector in which Terna operates, whilst ensuring that the variable component represents a significant part of the overall remuneration package.

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

4.4 Elements of the Remuneration Policy

Terna's Remuneration Policy for 2025 consists of the following key elements:

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

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

4.5 Remuneration of members of the Board of Directors

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

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

The Guidelines for the Remuneration Policy for 2025 have maintained continuity with the previous year.

⁷ The Policy is applied to Key Management Personnel in the same way as it is applied to the role of General Manager.

4.5.1 Remuneration of Directors without delegated powers

Remuneration established by the Annual General Meeting

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

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

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

Fee for participating in Board Committees

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

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

| Remuneration and Nominations Committee | |
|--|----------|
| Chairman | € 50,000 |
| Member | € 40,000 |

| Related-Party Transactions Committee | |
|--------------------------------------|----------|
| Chairman | € 50,000 |
| Member | € 40,000 |

| Sustainability, Governance and Scenarios Committee | |
|--|----------|
| Chairman | € 50,000 |
| Member | € 40,000 |

| Audit and Risk Committee | |
|--------------------------|----------|
| Chairman | € 60,000 |
| Member | € 40,000 |

4.5.2 Remuneration of Directors with delegated powers

Chairman of the Board of Directors

In continuity with the previous term of office, for the 2023-2025 term of office, the total remuneration for the role of Chairman of the Board of Directors, as determined by the General Meeting of Shareholders and the Board of Directors on 9 May 2023, consists solely of the fixed component, broken down as follows:

Pay art. 2389,
para. 1 of the
Italian Civil Code* > **€ 50,000**

*Pay** art. 2389,
para. 3 of the
Italian Civil Code* > **€ 188,000**

* Annual pay approved by the General Meeting of Shareholders held on 9 May 2023 (and in accordance with art. 24.1 of Terna's Articles of Association).
** A fixed annual amount approved by the Board of Directors on 9 May 2023, as proposed by the Remuneration Committee after consultation with the Board of Statutory Auditors.

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



REPORT ON THE REMUNERATION POLICY FOR 2025 AND REMUNERATION PAID IN 2024

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

Chief Executive Officer and General Manager

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

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

Fixed component of remuneration

Fixed component of remuneration - Chief Executive Officer

In continuity with the previous term of office, for the 2023-2025 term of office, total fixed remuneration for the role of Chief Executive Officer breaks down as follows:

Pay art. 2389,
para. 1 of the
Italian Civil Code* > **€ 35,000**

*Pay** art. 2389,
para. 3 of the
Italian Civil Code* > **€ 200,000**

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

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

Fixed component of remuneration - General Manager

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

*In total, therefore, the CEO and GM will receive a gross annual fixed remuneration of **€1,085,000** for the 2023-2025 term of office.*

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CEO and GM pay ratio

Also for 2025, the Company continued to monitor the ratio between the remuneration of the Chief Executive Officer and General Manager and the entire corporate population.

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

- in continuity with previous years: ratio between the gross annual fixed remuneration of the Chief Executive Officer and General Manager and the average fixed remuneration of the entire Italian population of the Terna Group (pay ratio), which corresponds to a value of 23;
- in line with the new regulations: ratio between the total gross annual remuneration of the Chief Executive Officer and General Manager and the median gross annual total remuneration of the Terna Group's corporate population (the latter excluding the total gross annual remuneration of the Chief Executive Officer and General Manager), which corresponds to a value of 34. It should be noted that total gross annual remuneration refers to the remuneration with the inclusion of all fixed and variable, monetary and non-monetary components.

The pay ratio in the first calculation method has remained generally stable since 2016: from 2016 to 2021 the ratio was 26 and in 2022 and 2023 it was 25, in 2024 it was 24, in 2025 it was 23 confirming the fact that the pay structure continues to appropriately reward the level of expertise, experience and contribution required for the various roles.

Short-term variable component (STI)

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

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

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

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

Finally, it should be noted that, in recent years, the objectives underlying the short- and long-term incentive schemes for both the Chief Executive Officer and General Manager and Key Management Personnel have become ever more demanding in order to support delivery of the increasingly challenging strategic plans, above all in terms of the objectives linked to investment, operating and financial performance and workplace safety. This approach has been confirmed for 2025, a particularly challenging year in view of macroeconomic and geopolitical developments.

In line with previous years, the short- and long-term variable incentive schemes established in the Remuneration Policy for 2025 also reflect the challenging nature of strategic objectives.



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

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

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

The annual value of the incentive, approved by the Board of Directors, is €50,000 gross on achievement of the minimum level of performance (an objective with a weighting of 25% ON) and €200,000 gross on achievement of the maximum level (all objectives ON). No sum is payable if no target is achieved.

The table below shows the targets defined for the year 2025:

STI objectives for 2025 – Chief Executive Office

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

The first of the objectives assigned to the Chief Executive Officer measures the value of Net Profit in the Budget for 2025.

The indicator represents an integrated measurement of company performance (revenue, operating costs, financial expenses, etc.) that reflects operational effectiveness and overall financial management. Furthermore, Net Profit is closely related to profitability and value creation, therefore the use of this indicator guarantees alignment with the interests of the shareholders.

The score curve, based on the Net Profit forecast in the 2025 Budget, motivates the management to reach and exceed the target, favouring a management style that is particularly results-oriented.

With reference to the second objective, this measures the 2025 performance in relation to the valorisation of volumes procured for services, using internal calculation tools in accordance with resolution 597/21 methodology, to value volumes procured for 2025 services less than or equal to 6 TWh.

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

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

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

The last objective represents the maintenance for 2025 of the restrictions on transmission made available (+ 950 MW in total) for obtain the incentive introduced by ARERA resolution 55/2024. The increase in transmission capacity between market zones reduces overall system costs, reduces possible cuts in the production of renewable energy plants due to grid congestion issues between market zones and, consequently, reduces power generation emission factors.

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

Short-term variable component (STI) - General Manager

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

For 2025, the targets assigned to the General Manager are shown in the table below, with the related score curves.

STI objectives for 2025 – General Manager

| OBJECTIVES | WEIGHTING | SCORE CURVE | | | | | | | | | | | | | | | | |
|---|-----------|--|--|----|-------------------------------------|-----|--|------|---|------|--|--|---|------|--|--|---|------|
| EBITDA 2025 – the Terna Group | 25% | <p><i>Change vs budget</i></p> <table> <tr><td>> - €45m</td><td>0%</td></tr> <tr><td>= - €45m (Minimum)</td><td>80%</td></tr> <tr><td>Budget (Target)</td><td>100%</td></tr> <tr><td>≥ €45m (Maximum)</td><td>150%</td></tr> </table> <p><i>Linear interpolation is applied in the case of intermediate figures</i></p> | > - €45m | 0% | = - €45m (Minimum) | 80% | Budget (Target) | 100% | ≥ €45m (Maximum) | 150% | | | | | | | | |
| > - €45m | 0% | | | | | | | | | | | | | | | | | |
| = - €45m (Minimum) | 80% | | | | | | | | | | | | | | | | | |
| Budget (Target) | 100% | | | | | | | | | | | | | | | | | |
| ≥ €45m (Maximum) | 150% | | | | | | | | | | | | | | | | | |
| Regulated capital expenditure – Terna Group* | 20% | <p><i>Change vs budget</i></p> <table> <tr><td>> - €50m</td><td>0%</td></tr> <tr><td>= - €50m (Minimum)</td><td>80%</td></tr> <tr><td>Budget (Target)</td><td>100%</td></tr> <tr><td>≥ €75m (Maximum)</td><td>150%</td></tr> </table> <p><i>Linear interpolation is applied in the case of intermediate figures</i></p> | > - €50m | 0% | = - €50m (Minimum) | 80% | Budget (Target) | 100% | ≥ €75m (Maximum) | 150% | | | | | | | | |
| > - €50m | 0% | | | | | | | | | | | | | | | | | |
| = - €50m (Minimum) | 80% | | | | | | | | | | | | | | | | | |
| Budget (Target) | 100% | | | | | | | | | | | | | | | | | |
| ≥ €75m (Maximum) | 150% | | | | | | | | | | | | | | | | | |
| Regulated assets entering service – Terna Group* | 10% | <p><i>Change vs budget</i></p> <table> <tr><td>> - €25m</td><td>0%</td></tr> <tr><td>= - €25m (Minimum)</td><td>80%</td></tr> <tr><td>Budget (Target)</td><td>100%</td></tr> <tr><td>≥ €25m (Maximum)</td><td>150%</td></tr> </table> <p><i>Linear interpolation is applied in the case of intermediate figures</i></p> | > - €25m | 0% | = - €25m (Minimum) | 80% | Budget (Target) | 100% | ≥ €25m (Maximum) | 150% | | | | | | | | |
| > - €25m | 0% | | | | | | | | | | | | | | | | | |
| = - €25m (Minimum) | 80% | | | | | | | | | | | | | | | | | |
| Budget (Target) | 100% | | | | | | | | | | | | | | | | | |
| ≥ €25m (Maximum) | 150% | | | | | | | | | | | | | | | | | |
| Quality of Service (Regulated Energy Not Supplied, RENS) | 20% | <p><i>MWh</i></p> <table> <tr><td>Target 2025 ARERA** +250 MWh</td><td>0%</td></tr> <tr><td>Target 2025 ARERA + 5% (Minimum)</td><td>80%</td></tr> <tr><td>Target 2025 ARERA (Target)</td><td>100%</td></tr> <tr><td>Target 2025 ARERA -10% (Maximum)</td><td>150%</td></tr> </table> <p><i>Linear interpolation is applied in the case of intermediate figures</i></p> | Target 2025 ARERA** +250 MWh | 0% | Target 2025 ARERA + 5% (Minimum) | 80% | Target 2025 ARERA (Target) | 100% | Target 2025 ARERA -10% (Maximum) | 150% | | | | | | | | |
| Target 2025 ARERA** +250 MWh | 0% | | | | | | | | | | | | | | | | | |
| Target 2025 ARERA + 5% (Minimum) | 80% | | | | | | | | | | | | | | | | | |
| Target 2025 ARERA (Target) | 100% | | | | | | | | | | | | | | | | | |
| Target 2025 ARERA -10% (Maximum) | 150% | | | | | | | | | | | | | | | | | |
| Workplace safety indicator (SI) Terna Group personnel working in the electricity sector | 10% | <p><i>Score</i></p> <table> <tr><td>SI > 1.6</td><td>0%</td></tr> <tr><td>SI = 1.6 (Minimum)</td><td>80%</td></tr> <tr><td>SI = 1 (Target)</td><td>100%</td></tr> <tr><td>SI ≤ 0.65 (Maximum)</td><td>150%</td></tr> </table> <p><i>Linear interpolation is applied in the case of intermediate figures</i></p> | SI > 1.6 | 0% | SI = 1.6 (Minimum) | 80% | SI = 1 (Target) | 100% | SI ≤ 0.65 (Maximum) | 150% | | | | | | | | |
| SI > 1.6 | 0% | | | | | | | | | | | | | | | | | |
| SI = 1.6 (Minimum) | 80% | | | | | | | | | | | | | | | | | |
| SI = 1 (Target) | 100% | | | | | | | | | | | | | | | | | |
| SI ≤ 0.65 (Maximum) | 150% | | | | | | | | | | | | | | | | | |
| Reducing Behavioural Accidents | 10% | <p><i>Score</i></p> <table> <tr><td>no activity</td><td>0%</td></tr> <tr><td>1 in 3 activities</td><td>80%</td></tr> <tr><td>2 in 3 activities</td><td>100%</td></tr> <tr><td>3 in 3 activities</td><td>150%</td></tr> </table> | no activity | 0% | 1 in 3 activities | 80% | 2 in 3 activities | 100% | 3 in 3 activities | 150% | | | | | | | | |
| no activity | 0% | | | | | | | | | | | | | | | | | |
| 1 in 3 activities | 80% | | | | | | | | | | | | | | | | | |
| 2 in 3 activities | 100% | | | | | | | | | | | | | | | | | |
| 3 in 3 activities | 150% | | | | | | | | | | | | | | | | | |
| Injuries to contractors' personnel in Italy | 5% | <p><i>Score</i></p> <table> <tr><td>Accident rate of change 2025 vs 2024 ></td><td>0%</td></tr> <tr><td>Accident rate of change 2024 - 2021</td><td></td></tr> <tr><td>Accident rate of change 2025 vs 2024 =</td><td></td></tr> <tr><td>Accident rate of change 2024 - 2021 (Minimum)</td><td>80%</td></tr> <tr><td>Accident rate of change 2025 vs 2024 =</td><td></td></tr> <tr><td>-20% Accident rate of change 2024 - 2021 (Target)</td><td>100%</td></tr> <tr><td>Accident rate of change 2025 vs 2024 ≤</td><td></td></tr> <tr><td>- 40% Accident rate of change 2024 - 2021 (Maximum)</td><td>150%</td></tr> </table> <p><i>Linear interpolation is applied in the case of intermediate figures</i></p> | Accident rate of change 2025 vs 2024 > | 0% | Accident rate of change 2024 - 2021 | | Accident rate of change 2025 vs 2024 = | | Accident rate of change 2024 - 2021 (Minimum) | 80% | Accident rate of change 2025 vs 2024 = | | -20% Accident rate of change 2024 - 2021 (Target) | 100% | Accident rate of change 2025 vs 2024 ≤ | | - 40% Accident rate of change 2024 - 2021 (Maximum) | 150% |
| Accident rate of change 2025 vs 2024 > | 0% | | | | | | | | | | | | | | | | | |
| Accident rate of change 2024 - 2021 | | | | | | | | | | | | | | | | | | |
| Accident rate of change 2025 vs 2024 = | | | | | | | | | | | | | | | | | | |
| Accident rate of change 2024 - 2021 (Minimum) | 80% | | | | | | | | | | | | | | | | | |
| Accident rate of change 2025 vs 2024 = | | | | | | | | | | | | | | | | | | |
| -20% Accident rate of change 2024 - 2021 (Target) | 100% | | | | | | | | | | | | | | | | | |
| Accident rate of change 2025 vs 2024 ≤ | | | | | | | | | | | | | | | | | | |
| - 40% Accident rate of change 2024 - 2021 (Maximum) | 150% | | | | | | | | | | | | | | | | | |

* Net of financial expenses.

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



The first of the objectives assigned to the General Manager measures the value of EBITDA in the Budget for 2025.

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

The score curves, based on the EBITDA value forecast in the 2025 Budget, have been defined according to the regulatory context that characterises Terna's business and the management leverage available to it. These scenarios were designed to make the incentive system strongly oriented towards reaching and exceeding the target.

The second objective assigned to the General Manager measures the value of Investment in the Budget for 2025 for all the Terna Group's regulated activities.

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

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

The scoring curves take into account the historical variability of performance and are calibrated to a range of deviations to ensure effective management of capital expenditure, in support of execution, to take advantage of strategic opportunities that may arise during the year.

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

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

The third objective measures the Entries into service in the 2025 Budget, for all of the Terna Group's Regulated Activities.

“Entries into service” means the value of the assets made available for network operation or operational use in the company, during the reference period.

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

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

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

- SDG 7 Clean and Accessible Energy: an advanced operational network facilitates the integration of renewable sources and improves energy efficiency

- SDG 9 Business, Innovation and Infrastructure: timely completion of projects testifies to innovation and modernisation of infrastructure
- SDG 13 Combating Climate Change: an operational and modern infrastructure reduces waste, improves efficiency and contributes to a more sustainable management of resources.

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

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

Meeting service quality standards contributes to achieving the following SDGs:

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

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

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

That said, the following are not considered:

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

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

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

1. Inclusion of a bonus/penalty mechanism on occupational safety performance in the range of activities with the highest accident risk: 100% tenders launched from 1 June 2025 to 31 December 2025, in the power line works sector, with new bonus/penalty clauses.
2. Issuing a new Operating Instruction to be included in the Internal Regulations (HSE Process) concerning the new mandatory behavioural routines.
3. Extension of the application of the Excellence in Safety (EiS) programme, through the involvement of more employees and companies in the programme: +100% compared to EiS sites in 2024.

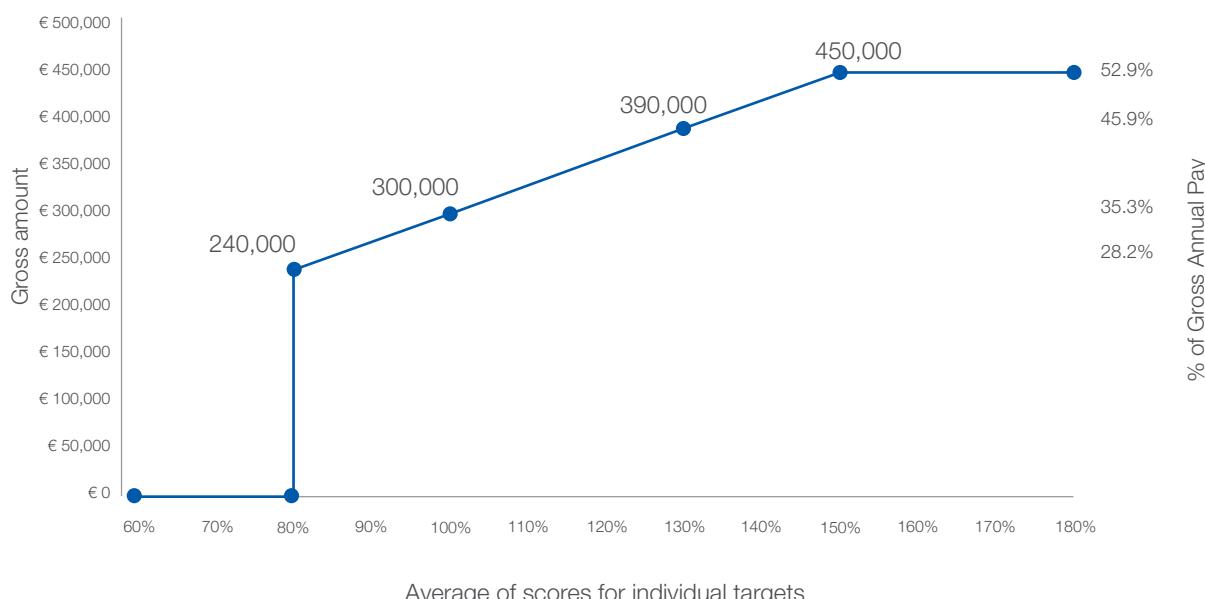


REPORT ON THE REMUNERATION POLICY FOR 2025 AND REMUNERATION PAID IN 2024

The final objective assigned to the General Manager regards the rate of growth in Injuries for contractors' personnel operating at Terna's sites (in Italy).

For Terna, Security is a fundamental factor in view of the activities carried out. That is why the Company is not only committed to its own staff but also to contractors.

The amount of the incentive actually disbursed varies according to the level of achievement of the targets assigned to the single objectives, as illustrated here below:



If the average of the scores of the single targets is less than 80%, nothing is due. In the event of overperformance, it is not possible to attain a higher bonus than the maximum set (150%).

*On the whole, therefore, for 2025, the CEO and GM will receive short-term variable remuneration amounting, at target, to **€500,000 gross per year** and, in the case of overperformance, to **€650,000 gross per year**.*

Long-term variable component (LTI)

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

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

In continuity with the approach used in previous years, for 2025, Terna has adopted a new rolling long-term equity-based incentive scheme. Specifically, in 2025 the Company will operate the Performance Share Plan 2025-2029 (the "Performance Share Plan 2025-2029"). This Plan, described in detail in the specific Information Circular prepared in accordance with art. 114-bis of the CLF and art. 84-bis of the Regulations for Issuers, marks a further step in the ongoing process of improving Terna's Remuneration Policy, with a view to more closely aligning the interests of management with those of shareholders, also reflected in the extended duration of the new Plan.

Key aspects of the Performance Share Plan 2025-2029 are described below.

Long-term incentive plan based on Performance Shares for 2025-2029

The Performance Share Plan 2025-2029 is intended for the General Manager (who also holds the position of Chief Executive Officer), Key Management Personnel and other managers selected from the Terna Group's senior and middle managers, be they Executives or Middle Managers, and provides for the use of Terna S.p.A.'s ordinary shares (Performance Shares) and rolling annual awards, with a three-year vesting period (2025-2027) and a two-year lock-up period.

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

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

- **Cumulative EBITDA over the 3-year period and FFO / Average Net Debt over the three-year period** which reflect the achievement of operating performance; EBITDA represents the Group's ability to generate profitability through "core" operations, eliminating the effects of financing choices, tax structure and depreciation policies. With EBITDA, the Group emphasises the ability to generate value through operational management, a key element to ensure lasting growth. This is why it is used in both short-term and long-term systems. It should be noted that in the electricity transmission sector, investments in infrastructure are crucial to ensure the quality, efficiency and innovation of the grid as well as to ensure the energy transition. These investments have a direct impact on EBITDA, as industry regulation guarantees the return on invested capital and depreciation through the RAB (Regulated Asset Base) mechanism. This means that Terna's investments translate into positive operating flows in the form of regulated revenues that contribute to an improvement in EBITDA. This integrated vision strengthens the link between operational management and strategic investment decisions, aligning management objectives with sustainable value creation for the Group. The FFO on Net Debt monitors the strength of the company. The identified rationale, which relates cash flows from operations ("Funds from operations") to net debt ("Net Debt"), measures the Company's ability to generate sufficient cash flows to cover future debt repayments: the higher the ratio level, the greater the company's solidity.
- **Relative TSR versus a peer group**, which reflects the achievement of market performance as it includes both the performance accrued by the security over the reference period (differential between the price at the end and the beginning of the reference period) and the return ensured by the dividends distributed and reinvested in the security.
- **Ovrgeneration**, involving reduced use of modulated production from generation using non-programmable renewable sources, requested by Terna to meet security requirements for the National Electricity System.
- **Connections**, which measures Terna's efficiency in meeting average connection times; the objective is to facilitate the entry into operation of new renewable generation capacity functional to the energy transition by optimising connection times.



REPORT ON THE REMUNERATION POLICY FOR 2025 AND REMUNERATION PAID IN 2024



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

Long-Term Incentive Plan based on Performance Shares for 2025-2029

| OBJECTIVES | WEIGHTING | SCORE CURVE | | | | | | | | | | |
|---|-----------|---|--|-------|---|----|--|-----|--|------|---|------|
| Cumulative EBITDA over the three-year period | 15% | <p>Change vs cumulative EBITDA over three-year period 2025-2027 in 2024-2028 Update</p> <table border="1"> <thead> <tr> <th></th> <th>Score</th> </tr> </thead> <tbody> <tr> <td>< Target - €135m</td> <td>0%</td> </tr> <tr> <td>Target - €135m</td> <td>80%</td> </tr> <tr> <td>Target: Ebitda 25-27 Plan</td> <td>100%</td> </tr> <tr> <td>≥ Target + €135m</td> <td>150%</td> </tr> </tbody> </table> <p>Linear interpolation is applied in the case of intermediate figures</p> | | Score | < Target - €135m | 0% | Target - €135m | 80% | Target: Ebitda 25-27 Plan | 100% | ≥ Target + €135m | 150% |
| | Score | | | | | | | | | | | |
| < Target - €135m | 0% | | | | | | | | | | | |
| Target - €135m | 80% | | | | | | | | | | | |
| Target: Ebitda 25-27 Plan | 100% | | | | | | | | | | | |
| ≥ Target + €135m | 150% | | | | | | | | | | | |
| FFO / Average Net Debt over the three-year period | 30% | <p>FFO / Average Net Debt 2025-2027</p> <table border="1"> <thead> <tr> <th></th> <th>Score</th> </tr> </thead> <tbody> <tr> <td>< 10%</td> <td>0%</td> </tr> <tr> <td>10%</td> <td>80%</td> </tr> <tr> <td>11%</td> <td>100%</td> </tr> <tr> <td>≥ 11.5%</td> <td>150%</td> </tr> </tbody> </table> <p>Linear interpolation is applied in the case of intermediate figures</p> | | Score | < 10% | 0% | 10% | 80% | 11% | 100% | ≥ 11.5% | 150% |
| | Score | | | | | | | | | | | |
| < 10% | 0% | | | | | | | | | | | |
| 10% | 80% | | | | | | | | | | | |
| 11% | 100% | | | | | | | | | | | |
| ≥ 11.5% | 150% | | | | | | | | | | | |
| Relative Total Shareholder Return 2025-2027 ⁸ Terna's ranking in the benchmark peer group ⁹ | 15% | <p>Ranking in peer group</p> <table border="1"> <thead> <tr> <th></th> <th>Score</th> </tr> </thead> <tbody> <tr> <td>5th, 6th or 7th place</td> <td>0%</td> </tr> <tr> <td>4th place</td> <td>80%</td> </tr> <tr> <td>3rd place</td> <td>100%</td> </tr> <tr> <td>1st or 2nd place</td> <td>150%</td> </tr> </tbody> </table> <p>If, despite ranking in 1st or 2nd place, Terna's TSR is negative in the reference period, the overperformance will not be recognised and the associated score will be 85% (the "negative TSR threshold")</p> | | Score | 5 th , 6 th or 7 th place | 0% | 4 th place | 80% | 3 rd place | 100% | 1 st or 2 nd place | 150% |
| | Score | | | | | | | | | | | |
| 5 th , 6 th or 7 th place | 0% | | | | | | | | | | | |
| 4 th place | 80% | | | | | | | | | | | |
| 3 rd place | 100% | | | | | | | | | | | |
| 1 st or 2 nd place | 150% | | | | | | | | | | | |
| Overgeneration involving reduced use of modulated production from generation using non-programmable renewable sources, requested by Terna to meet security requirements for the National Electricity System | 30% | <p>Change on adjusted reduction rate in the reference period</p> <table border="1"> <thead> <tr> <th></th> <th>Score</th> </tr> </thead> <tbody> <tr> <td>> 0 GWh: for meeting target (564 GWh)</td> <td>0%</td> </tr> <tr> <td>0GWh: for meeting target (564 GWh)</td> <td>80%</td> </tr> <tr> <td>-28 GWh: saving of 5% versus target (536 GWh)</td> <td>100%</td> </tr> <tr> <td>-56 GWh: saving of 10% versus target (508 GWh)</td> <td>150%</td> </tr> </tbody> </table> <p>Linear interpolation is applied in the case of intermediate figures</p> | | Score | > 0 GWh: for meeting target (564 GWh) | 0% | 0GWh: for meeting target (564 GWh) | 80% | -28 GWh: saving of 5% versus target (536 GWh) | 100% | -56 GWh: saving of 10% versus target (508 GWh) | 150% |
| | Score | | | | | | | | | | | |
| > 0 GWh: for meeting target (564 GWh) | 0% | | | | | | | | | | | |
| 0GWh: for meeting target (564 GWh) | 80% | | | | | | | | | | | |
| -28 GWh: saving of 5% versus target (536 GWh) | 100% | | | | | | | | | | | |
| -56 GWh: saving of 10% versus target (508 GWh) | 150% | | | | | | | | | | | |
| Connections | 10% | <table border="1"> <thead> <tr> <th></th> <th>Score</th> </tr> </thead> <tbody> <tr> <td>Connection time* (average)** more than 110% of the time stipulated in the connection contracts***</td> <td>0%</td> </tr> <tr> <td>Connection time* (average)** between 100% and 110% of the time stipulated in the connection contracts***</td> <td>80%</td> </tr> <tr> <td>Connection time* (average)** within the time stipulated in the connection contracts***</td> <td>100%</td> </tr> <tr> <td>Connection time* (average)** within 90% of the time stipulated in the connection contracts***</td> <td>150%</td> </tr> </tbody> </table> | | Score | Connection time* (average)** more than 110% of the time stipulated in the connection contracts*** | 0% | Connection time* (average)** between 100% and 110% of the time stipulated in the connection contracts*** | 80% | Connection time* (average)** within the time stipulated in the connection contracts*** | 100% | Connection time* (average)** within 90% of the time stipulated in the connection contracts*** | 150% |
| | Score | | | | | | | | | | | |
| Connection time* (average)** more than 110% of the time stipulated in the connection contracts*** | 0% | | | | | | | | | | | |
| Connection time* (average)** between 100% and 110% of the time stipulated in the connection contracts*** | 80% | | | | | | | | | | | |
| Connection time* (average)** within the time stipulated in the connection contracts*** | 100% | | | | | | | | | | | |
| Connection time* (average)** within 90% of the time stipulated in the connection contracts*** | 150% | | | | | | | | | | | |

(*) Difference between the date on which Terna is ready to grant the first parallel to the plant and the date under contractual provisions

(**) The average is weighted on the maximum input power requested by the Applicant

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

The overall performance is measured as the weighted average of the scores achieved for each of the four Plan targets, according to the respective performance curves presented above. For the incentive scheme to be activated and, therefore, for the right to the award of Performance Shares to be attained, an overall performance of at least 80% must be achieved, below which nothing is due. In the event of overperformance, it is not possible to attain a higher bonus than the maximum set (150%).

⁸ Terna's TSR and that of its peers is calculated over a period of three years, using the average of closing share prices in 2024 and the same average for 2027. The source of the data for TSR is Bloomberg.

⁹ The companies in the peer group (Snam, Redeia, Enagas, National Grid, Severn Trent, United Utilities) are all major listed European utilities. They are part of the regulated utilities sub-sector and therefore implement a business model that, although related to different sectors, presents elements of uniformity and comparability with Terna's. The selection of the peer group was therefore guided towards the identification of stocks that reflect the characteristics of Terna's stock, with reference to the business cycle as well as with reference to external elements that may affect their performance, so much so that at the time of drafting this Report, the same stocks were examined by financial analysts for the purposes of evaluating and comparing them with Terna's stock. Equities that are subject to extraordinary operations that entail their delisting or a significant reduction in the free float, will be replaced (up to a maximum of two) by the following stock, listed in order: Elia and REN.

Assessment of achievement of the Plan objectives will be conducted by the Board of Directors in order to determine the number of Performance Shares to be awarded on the basis of the indications of the Remuneration and Nominations Committee, during approval of the financial statements for the year ended 31 December 2027.

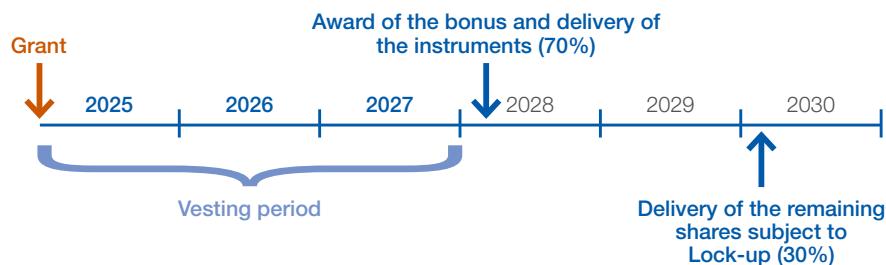
At the end of the vesting period, an additional number of Performance Shares may be awarded (the dividend equivalent). These additional Shares correspond with the value of any dividends not received on the Shares effectively awarded, with the aim of achieving an increased alignment between the interests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

The final Bonus under the Plan thus depends on:

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

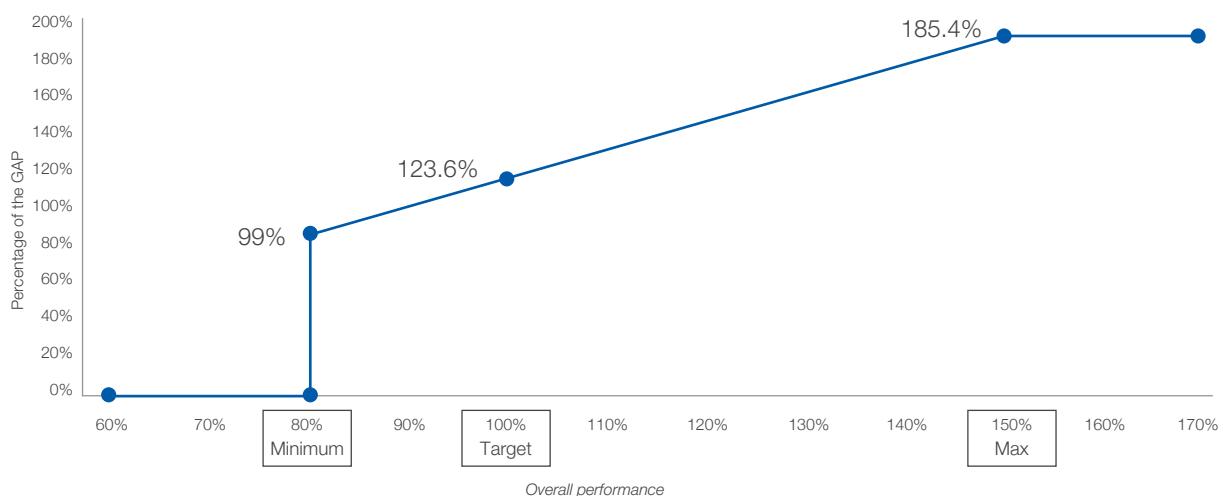
At the end of the vesting period, 30% of the Shares awarded, including those awarded as dividend equivalents, will be subject to a further lock-up period of two years, which will end in 2028. During this period, the Shares are non-transferable (meaning that they may not be transferred and/or sold for a period of 24 months).

The following chart shows the timing of the Performance Share Plan 2025-2029:



New Plan: Performance Share Plan 2025-2029 - General Manager

The General Manager's variable remuneration linked to the Performance Share Plan 2025-2029 involves the grant of the right to a given number of Shares corresponding with a percentage of the General Manager's Gross Annual Pay (overall amounts over the three years). This amount varies in relation to the achievement of different levels of performance (Minimum, Target and Maximum), as shown below:



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

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

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



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

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

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

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

Previous Long-term incentive plans still in place

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

These are the Performance Share Plans for 2023-2027 and 2024-2028.

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

Details of the Long-term Performance Plans for 2022-2026 and 2023-2027 and 2024-2028 are provided in the Remuneration Reports for 2022, 2023 and 2024 and the related Information Circulars, all of which are available on the Company's website.

FOCUS

Clawback and Malus Provisions

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

Benefits

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

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

Non-competition agreements

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

Severance

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

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

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

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



4.6 Remuneration of members of the Board of Statutory Auditors

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

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

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

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

| | |
|---|----------|
| Chairman of the Board of Statutory Auditors | € 55,000 |
| Standing Auditor | € 45,000 |

4.7 Remuneration of Key Management Personnel

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

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

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

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

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

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

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

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

Short-term variable component (STI)

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

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

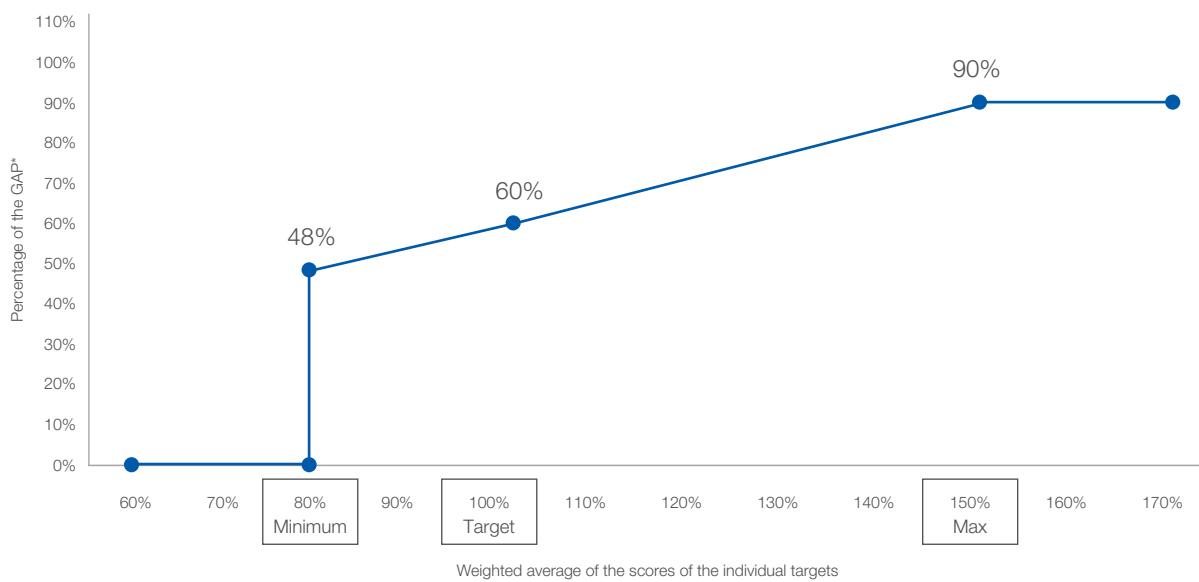
Access to the STI scheme is subject to a performance gate (budgeted EBITDA range) and is structured according to the following format:

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



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

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



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

If the weighted average score for the individual objectives is below 80%, nothing is due. In the event of overperformance, the bonus is capped at the maximum attainable level (150%).

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

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

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

Long-term variable component (LTI)

In line with the terms applicable to the General Manager, Key Management Personnel may also participate in the long-term Performance Share Plan 2025-2029.

The new Performance Share Plan 2025-2029 for Key Management Personnel involves the same performance objectives as assigned to the General Manager, with the same weightings and the same score curves, as well as the same vesting and lock-up periods and settlement procedures.

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

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

| INSTRUMENT | PERFORMANCE SHARE | |
|------------------|---|---|
| Vesting period | 2025-2029 | |
| | 15% | Cumulative EBITDA over the three-year period |
| | 30% | FFO / Average Net Debt over the three-year period |
| Objectives | 15% | Relative TSR |
| | 30% | Ovrgeneration |
| | 10% | Connections |
| Achievable bonus | Percentages of the incentive to be converted into Performance Shares of up to 80% of Gross Annual Pay (GAP), based on the total amount over the three-years covered by the LTI Plan, if the weighted average of the scores for the individual objectives is at target (100%) and based on the value of Terna's shares with respect to the grant date. | |

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

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

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



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Clawback and Malus Provisions

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

Signing bonuses and one-off bonuses

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

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

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

Benefits

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

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

Non-competition agreements

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

Severance

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

In particular, newly appointed managers¹⁰ (promoted from within or hired from outside the Company), other than in cases of dismissal for disciplinary reasons for just cause or resignation of the manager for reasons other than just cause, may receive a severance payment amounting to up to 24 months' pay (being fixed and short-term variable remuneration calculated in accordance with the Policy), in addition to a payment in lieu of notice (fixed and short-term variable remuneration calculated in accordance with the Policy) pursuant to art. 2121 of the Italian Civil Code. These severance payments are not linked to performance.

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

¹⁰ The terms established in the Remuneration Policy for 2023 continue to apply to managers in service during the period in which the Policy was effective.



5. Detailed index of topics

(CONSOB Resolution 18049 and subsequent revisions, Section I)

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

| CONSOB RESOLUTION | DISCLOSURE REQUIRED | REFERENCES |
|----------------------|---|---|
| A | Bodies or parties involved in the preparation and approval of the Remuneration Policy, specifying their respective roles, as well as the bodies or individuals responsible for the correct implementation of this policy; | Paragraph 3 (pages 20 to 29) |
| B | the potential establishment of a remuneration committee or other relevant committee, describing its composition (with distinction between non-executive and independent directors), its responsibilities and operating procedures, and any further measures designed to avoid or handle conflicts of interest; | Paragraph 3.1 (pages 24 to 27) |
| C | how the company has taken into account the compensation and working conditions of its employees in drawing up the Remuneration Policy; | Paragraph 4.1 (pagg. 34 and 35) |
| D | the names of any independent experts that contributed to the formulation of the Remuneration Policy; | Paragraph 3.3 (page 29) |
| E | the purposes of the Remuneration Policy, its underlying principles, duration and, in the event of revision, a description of the changes to the Remuneration Policy with respect to the last policy submitted for approval by the Annual General Meeting and how this revision takes into account the votes held and opinions expressed during such meeting or subsequently; | Paragraph 1 (page 13), Paragraph 2 (pages 14 to 15), Paragraph 4.1 (pages 30 to 33) |
| F | a description of the policies regarding fixed and variable components of remuneration, particularly with regard to their relative proportion within overall remuneration, distinguishing between short- and medium/long-term variable components; | Executive Summary (pagg. 8 and 9), Paragraph 2.4 (page 19), Paragraph 4.5 (pages 36 to 49), Paragraph 4.6 (page 50) and Paragraph 4.7 (pages 50 to 55) |
| G | the policy adopted with respect to benefits in kind; | Executive Summary (page 9), Paragraph 4.5.2 (page 49) and Paragraph 4.7 (page 54) |
| H | with reference to variable components, a description of the financial and non-financial performance objectives, including any criteria relating to corporate social responsibility, on the basis of which the variable components are awarded, distinguishing between short- and medium/long-term variable components, and information on the link between changes in results and the change in remuneration; | Executive Summary (pages 8 and 9), Paragraph 4.5.2 (pages 37 to 48) and Paragraph 4.7 (pages 50 to 53) |
| I | the criteria used to evaluate performance objectives forming the basis of the grant of shares, options, other financial instruments or other variable components of remuneration, specifying the measure of the variable component to be awarded on the basis of the level of achievement of the objectives; | Executive Summary (pagg. 8 and 9), Paragraph 4.5.2 (pages 44 to 48) and Paragraph 4.7 (page 53) |
| J | Information designed to show the contribution made by the Remuneration Policy, and in particular the variable components of remuneration, to the company's strategy, the pursuit of its long-term interests and its sustainability; | Paragraph 4.1. (pages 30 to 33), Paragraph 4.5.2 (pages 39 to 48) and Paragraph 4.7 (pages 51 to 53) |
| K | the vesting period, any deferral mechanisms, with indications of the periods of deferral and the criteria used to determine these periods and ex-post correction mechanisms for the variable component (malus or clawback provisions); | Paragraph 4.5.2 (pages 39 to 48) and Paragraph 4.7 (pages 51 to 54) |
| L | information on the use of provisions requiring the retention of financial instruments after their purchase, with an indication of the retention period and the criteria used to determine these periods; | Paragraph 4.5.2 (pages 45 to 48) and Paragraph 4.7 (pages 52 to 54) |
| M | the policy on compensation envisaged in case of termination of office or termination of employment (and the related details); | Executive Summary (page 9), Paragraph 4.5.2 (page 49) and Paragraph 4.7 (page 55) |
| N | information on any insurance, social security or pension plans, other than the obligatory schemes; | Executive Summary (page 9), Paragraph 4.5.2 (page 49) e Paragraph 4.7 (page 55) |
| O (i) | the Remuneration Policy possibly implemented with reference to the independent directors; | The Company does not use specific remuneration policies for independent directors. |
| O (ii) | the Remuneration Policy possibly implemented with reference to participation in committees; | Paragraph 4.5.1 (page 37) |
| O (iii) | if present, the Remuneration Policy for directors with delegated powers (chairman, deputy chairman, etc.); | Executive Summary (pages 8 and 9) and Paragraph 4.5.2 (pages 37 and 38) |
| P | if the Remuneration Policy was drawn up on the basis of the remuneration policies of other companies and, if so, the criteria used in choosing such companies and which companies were used; | In drawing up its policy, the Company has not made reference to the remuneration policies of other Company. Remuneration has, however, been benchmarked against a peer group. Paragrafo 2.3 (page 18). |
| Q | elements of the Remuneration Policy to which, under exceptional circumstances, exemptions apply and, with prejudice to the requirements of Regulation 17221 of 12 March 2010, any other procedural conditions on the basis of which the exemption may be applied. | Paragraph 3.2 (page 28 and 29) |

6. Detailed index

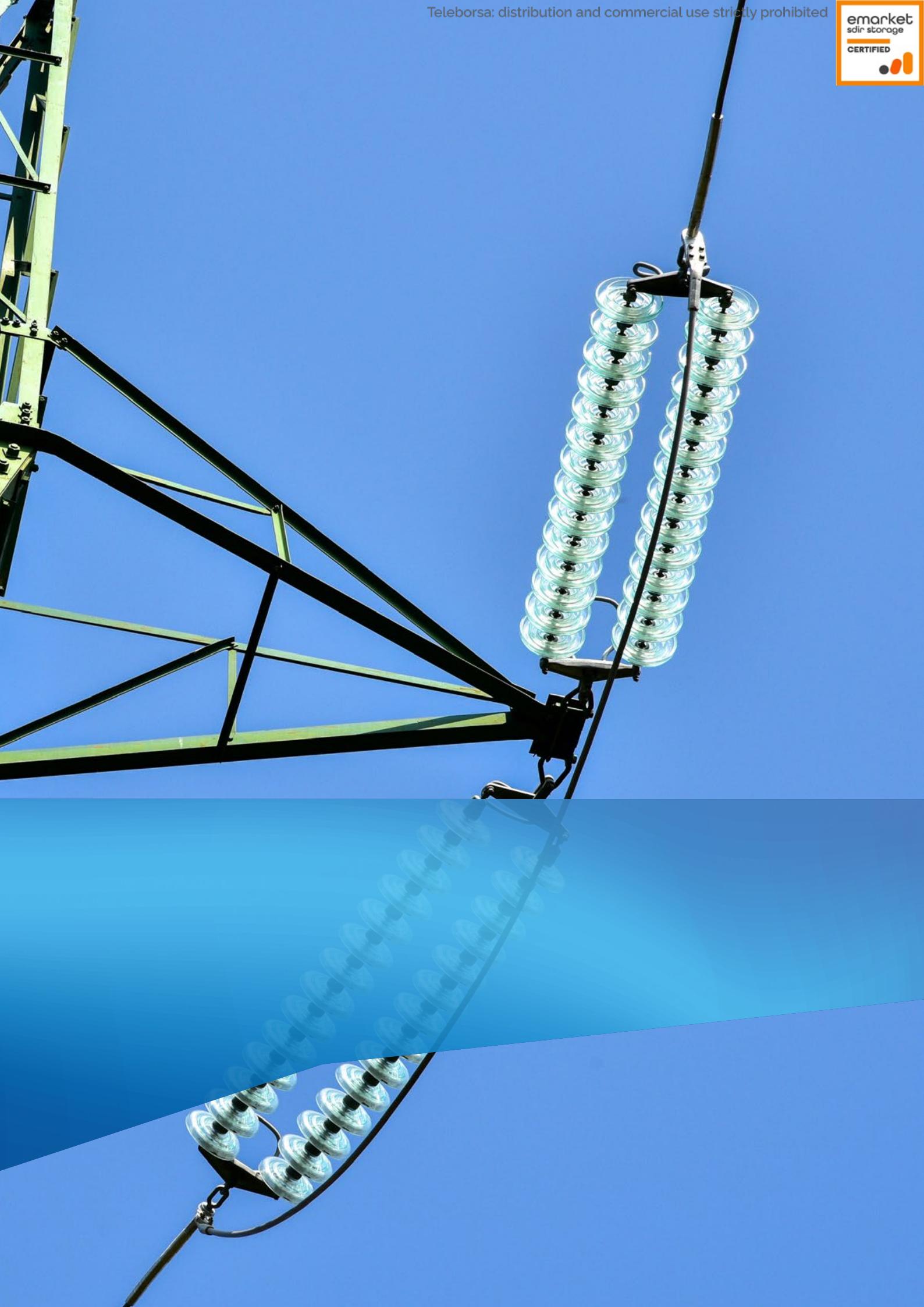
in accordance with Recommendation 27 art. 5 of the
Corporate Governance Code (January 2020 edition)

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

The Remuneration Policy for executive Directors and senior management defines:

| POINT | DISCLOSURE REQUIRED | REFERENCES |
|-------|--|--|
| a) | a balance between the fixed and variable components that is appropriate and consistent with the company's strategic objectives and risk management policy, bearing in mind the nature of the business and the sector in which Terna operates, whilst ensuring that the variable component represents a significant part of the overall remuneration package; | Paragraph 2.4 (page 19) and Paragraph 4.1 (pages 30 to 33) |
| b) | any caps on variable components; | Executive Summary (pages 8 and 9), Paragraph 2.4 (page 19), Paragraph 4.5.2 (pages 39 to 48), Paragraph 4.7 (pages 51 to 53) |
| c) | performance objectives, to which payment of the variable components are linked, predetermined, measurable and to a significant extent linked to long-term performance. These are consistent with the company's strategic objectives and aim to drive sustainable success, including, where material, non-financial measures; | Executive Summary (pages 8 and 9), Paragraph 4.5.2 (pages 39 to 48), Paragraph 4.7 (pages 51 to 53) |
| d) | an appropriate deferral period – with respect to the vesting condition – for a significant part of the variable component, in line with the nature of the business and the risk profile; | Paragraph 4.5.2 (pages 39 to 48) and Paragraph 4.7 (pages 51 to 53) |
| e) | contract provisions are used to enable the company to request the return, in whole or in part, of the variable components of remuneration paid (or to withhold sums that have been deferred), that were calculated on the basis of information that later turned out to be manifestly inaccurate or under other circumstances that may be identified by the company; | Paragraph 4.5.2 (page 48) and Paragraph 4.7 (pages 51 to 53) |
| f) | clear and pre-established rules governing severance payments made on termination of the directorship is determined in such a way that its total amount does not exceed a certain amount or a certain number of years of remuneration. This indemnity is not paid if the termination of the relationship is due to the achievement of objectively inadequate results. | Executive Summary (page 9) and Paragraph 4.5.2 (page 49) |

Section II: Report on remuneration paid in 2024





Contents

| | |
|--|-----------|
| Introduction | 61 |
| Part one | 62 |
| 1. Corporate Performance 2024 | 62 |
| 2. Outcome of shareholder votes and feedback | 63 |
| 3. Ratio of fixed to variable remuneration paid | 64 |
| 4. Fixed remuneration | 64 |
| 5. Variable remuneration | 65 |
| 6. Fees for participating in Board Committees | 67 |
| 7. Benefits | 67 |
| 8. Severance | 67 |
| 9. Annual change in remuneration paid and in the Company's performance | 68 |
| Part two | 70 |
| Table 1 | 70 |
| Table 3A | 76 |
| Table 3B | 78 |
| Form 7-ter - TABLE 1 | 78 |
| Glossary | 80 |

Introduction

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

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

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

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

The remuneration paid to the members of management and oversight bodies and to the General Manager is described by name; the remuneration paid to Key Management Personnel¹¹ is, in contrast, reported in aggregate form.

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

The separate components of remuneration are in keeping with the Policy approved by the Board of Directors in 2024 and put to a binding vote by the Annual General Meeting held on 10 May 2024, in accordance with art. 123-ter of the CLF, which voted in favour of the Policy.

¹¹ In accordance with CONSOB Resolution 18049 of 23 December 2011, for KMP who during the year did not receive remuneration that was higher in value than the total pay received by the members of management and oversight bodies or by the General Manager.



Part one

1. Corporate performance 2024

2024 was once again characterised by a changing geopolitical environment and economic-financial tensions. Despite the continuation of this complex scenario, Terna recorded exceptional results, confirming the solidity of its business and demonstrating a high capacity to react and adapt even in unpredictable circumstances.

In particular, the Group recorded an improvement in net profit of €177 million compared with last year and of €398 million in EBITDA. The Group's capital expenditure amounted to €2,692 million, an increase of €402 million. Finally, assets entering service amounted to €1,415 million, down from €2,043 million in 2023, which included the entry into operation of the Italy-France interconnector and other significant works.

Despite the negative impact on financial markets of the ongoing geopolitical tensions, inflationary pressures and the energy crisis, as at 31 December 2024 Terna's Total Shareholder Return was positive at 5.5%.

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

- with reference to the quality of service, ARERA awarded in 2024, with resolution 444/24, a bonus of about €15 million for the 2023 performance, in which the ENSR value had stood at 380 MWh against a Target set by ARERA at 763 MWh;
- dispatching costs also decreased in 2024, with a saving for the system of about €94 million, corresponding to a bonus for Terna of about €11 million. The reduction in dispatching costs was made possible by the continuous improvement of activities and processes related to DSM that Terna is also implementing thanks to the incentive scheme for reducing dispatching costs (so-called DSM incentives);
- finally, with regard to the construction of additional transmission capacity between market zones, Terna obtained an output-based bonus from ARERA (resolution no. 445/24) amounting to a total of about €14 million for the increase of 300 MW in transmission capacity with Austria thanks to the construction of the "Nauders-Glorenza" interconnection in 2023. This increase in transmission capacity was also rewarded by the efficiency mechanism in the realisation of transmission capacity, which resulted in an additional bonus for Terna of about €7 million.

Finally, in terms of ESG indices, in 2024 Terna was once again listed on:

- the Dow Jones Sustainability Index World, confirming itself in the leading group which only includes 8 electric utilities worldwide and in the top decile among the companies evaluated by Standard & Poor's through the Corporate Sustainability Assessment;
- the *MIB*® ESG, Italy's blue-chip index focusing on ESG best practices and based on the score issued by the rating agency Moody's ESG, (replaced by the agency Sustainalytics starting from 2025);

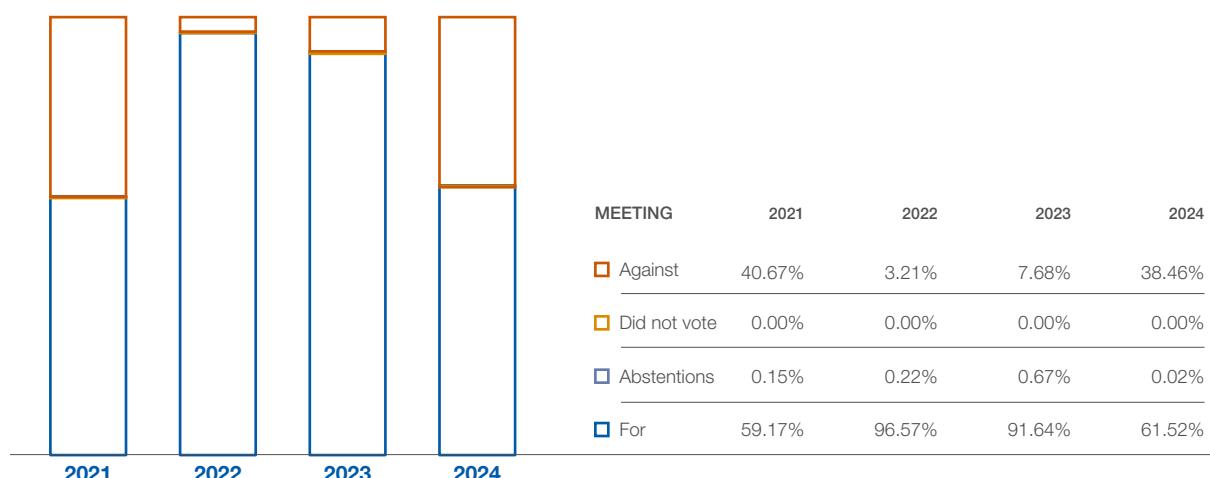
- the STOXX Global ESG Leaders, indices based on the scores issued by the rating agency Sustainalytics, which selects the best-performing securities in terms of ESG among those in the STOXX® Global index;
- the FTSE4Good, which considers the best companies for sustainability performance based on analysis conducted by FTSE Russel. Terna has been listed in the index continuously since 2005¹².

Please refer to the Annual Report for the year ended 31 December 2024 for a description of the main factors that characterised operations in 2024.

2. Outcome of shareholder votes and feedback

As required by art. 123-ter of the CLF (as amended by the Legislative Decree of 10 May 2019), the General Meeting of Shareholders of 18 May 2020 was invited for the first time to hold an advisory vote on Section II of the Report on the Remuneration Policy and Remuneration Paid. The following chart shows the outcome of the non-binding votes on Section II of the Report on the Remuneration Policy and Remuneration Paid, from 2021 to 2024.

Outcome of votes on remuneration paid (2021-2024)



The outcome of this vote and feedback from investors and proxy advisors on the remuneration paid in 2023 was analysed by Terna in 2024, together with observations received on Section I of the Report. Terna thus took the views and opinions expressed into account in preparing this Report on the Remuneration Policy and Remuneration Paid, without prejudice to existing contractual commitments and the labour law restrictions of the Italian Civil Code.

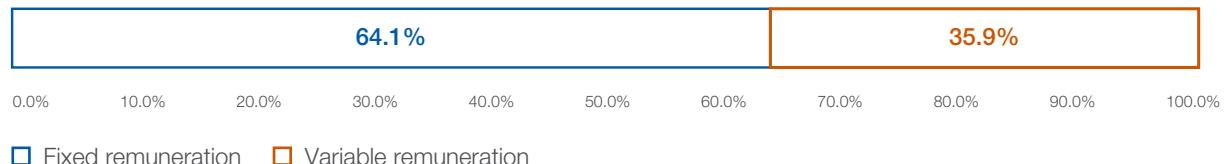
¹² As stipulated in the Remuneration Policy, the FTSE4Good index replaced the no longer active Bloomberg GEI.



3. Ratio of fixed to variable remuneration paid

In compliance with the requirements introduced in the revised Regulations for Issuers, this paragraph provides details of the ratio of fixed to variable remuneration for 2024 paid to the Chief Executive Officer and General Manager. Specifically, the computation took into account the fixed remuneration shown in column 1 of Table 1 and the variable non-equity remuneration shown in column 3 of the same table.

Pay mix actual 2024 - Chief Executive Officer and General Manager



The following paragraphs include a detailed description of the single components of pay taken into account.

It should be noted that there are no variable components of pay linked to the Company's or the Group's financial performance in the case of other members of the Board of Directors and the Board of Statutory Auditors.

4. Fixed remuneration

Non-executive Directors

Non-executive Directors were paid the fixed remuneration approved by the General Meeting of Shareholders on 9 May 2023 in 2024 (€35,000 per Director per year).

Chairman

The Chairman, elected by the Board of Directors on 9 May 2023, was paid in 2024 the fixed remuneration approved by the General Meeting of Shareholders of 9 May 2023 (€50,000 per year) and by the Board of Directors on 9 May 2023 (€188,000 per year) and as Chairman of the Sustainability, Governance and Scenarios Committee (€50,000). As a result, the currently in office Chairman received a total amount, paid in 2024 in the form of fixed remuneration, of €288,000.

Chief Executive Officer and General Manager

The Chief Executive Officer and General Manager, elected by the Board of Directors on 9 May 2023, was paid in 2024:

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

As a result, the Chief Executive Officer and General Manager in office from 9 May 2023 was paid in 2024 total fixed remuneration of €1,085,000.

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

Key Management Personnel

In 2024, Key Management Personnel were paid fixed remuneration, including the impact of annual changes to the Remuneration Policy, totalling €2,171,234.

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

5. Variable remuneration Variable short-term incentives

Chief Executive Officer and General Manager

In 2024, the Chief Executive Officer and General Manager in office since 9 May 2023 received the short-term incentive remuneration (STI), following achievement of the performance objectives set for the two roles. The amount received was based on the results reported in the financial statements for the year ended 31 December 2024, which will be submitted for approval by the General Meeting of Shareholders that will approve Section I of this Report¹³.

The Chief Executive Officer and General Manager will receive the following annual variable remuneration provided for in 2024:

- €200,000 gross as Chief Executive Officer. In this regard, it should be noted that the STI bonus payable to the Chief Executive Officer is of the on/off type and that all the objectives assigned were achieved;
- €407,784 gross as General Manager, based on an overall level of achievement of the objectives assigned of 135.93%.

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

STI objectives for 2024 - Chief Executive Officer

| OBJECTIVES | WEIGHTING | TARGET | ACTUAL | SCORE |
|---|-----------|---------|----------|-------|
| Net profit for 2024 – the Terna Group | 50% | €976m | €1,062m | ON |
| Output-based incentives - DSM: performance for 2024, measured using internal calculation tools compliant with the method in resolution 597/21, to measure volumes procured for services in 2024 below or equal to 7.8 TWh | 25% | 7.8 TWh | 3.21 TWh | ON |
| Output-based incentives - interzonal: retention for 2024 of the restrictions on transmission made available from 1 January 2023 (+527 MW in total) to confirm the incentive introduced by ARERA resolution 473/2023. | 25% | 527 MW | 527 MW | ON |

STI objectives for 2024 – General Manager

| OBJECTIVES | WEIGHTING | TARGET | ACTUAL | SCORE |
|---|-----------|---------|---------|---------|
| EBITDA 2024 – the Terna Group | 25% | €2,422m | €2,566m | 150% |
| Regulated capital expenditure – the Terna Group | 20% | €2,427m | €2,555m | 150% |
| Regulated assets entering service - the Terna Group | 10% | €1,261m | €1,334m | 150% |
| Quality of service (Regulated Energy Not Supplied, RENS) | 20% | 737 MWh | 234 MWh | 150% |
| Workplace safety indicator (SI) Terna Group personnel working in the electricity sector | 20% | 1 | 0.88 | 117.14% |
| Injuries to contractors' personnel in Italy (injury rate or IR) | 5% | 14.4% | OFF | 0% |
| WEIGHTED AVERAGE SCORE | | | | 135.93% |

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

The total short-term variable remuneration payable for the 2024 performance period is equal to €607,784 gross for the CEO and GM.

¹³ Remuneration paid in application of the principles indicated in the Remuneration Policy put to an advisory, non-binding vote at the Annual General Meeting held on 10 May 2024.



REPORT ON THE REMUNERATION POLICY FOR 2025 AND REMUNERATION PAID IN 2024

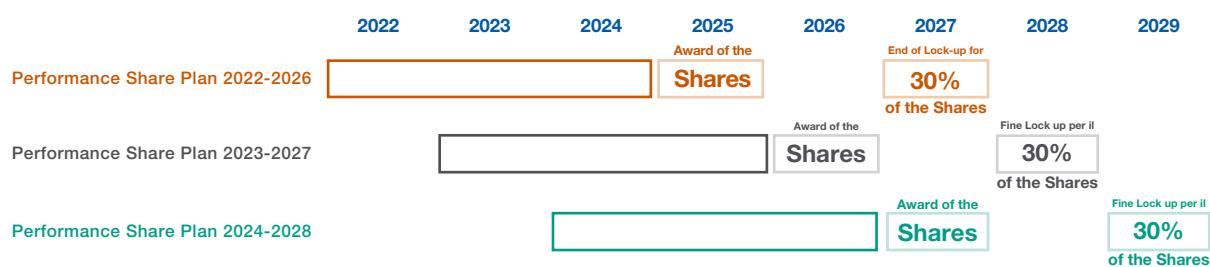
Key Management Personnel

Key Management Personnel received total annual variable remuneration, based on the results reported in the financial statements for the year ended 31 December 2024, amounting to €1,328,886. Overall average achievement of the objectives assigned was approximately 136%.

Tables 1, 3A and 3B show aggregate figures for variable remuneration paid on a prorated basis for the period for the various positions held, considering all the persons qualifying as Key Management Personnel for at least a part of the year in 2024.

Long-term variable incentives

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



In 2024, the Performance Share Plan 2022-2026 was concluded.

This Plan was described in the Policy for 2022 and published in the Remuneration Report for 2022.

Based on the assessment conducted by the Remuneration and Nominations Committee and the resulting recommendation, on 25 March 2025 the Board of Directors confirmed the degree to which the cycle's four performance objectives had been achieved, as described below:

| OBJECTIVES | WEIGHTING | TARGET | ACTUAL | SCORE |
|---|-----------|-----------------------------------|------------------------------------|-------------|
| Three-Year Cumulative EBITDA to 2024 compared with the updated 22-24 Plan 21-25 Cumulative EBITDA | 40% | €5,879.9m | €6,794.2m | 150% |
| Three-year Cumulative Regulated Capital Expenditure to 2024 compared with the updated 22-24 Plan 21-25 Cumulative Regulated Capital Expenditure | 15% | €5,794.1m | €6,361.1m | 150% |
| <i>Relative Total Shareholder Return 2022-2024</i> | 20% | 3 rd place | 1 st place | 150% |
| Terna's ranking in the benchmark peer group | 25% | 7 inclusions over the three years | 12 inclusions over the three years | 150% |
| WEIGHTED AVERAGE SCORE | | | | 150% |

Based on the above, the overall level of achievement of the Performance Share Plan 2022-2026 was 150%. At the meeting of 25 March 2025, the Board of Directors determined the number of shares to be allotted, including the amount awarded as a dividend equivalent:

- on a prorated basis for the General Manager: €149,588;
- a total of €210,191 for Key Management Personnel on aggregate and, if necessary, on a prorated basis.

These shares are partially (30%) subject to the restrictions resulting from the two-year lock-up period, as provided for in the Information Circular for the Performance Share Plan 2022-2026.

It should also be noted that, in the light of the description provided in Section I of the Remuneration Reports for 2023 and 2024, respectively, during 2023 and 2024, grants were made under the Performance Share Plan 2023-2027 and the Performance Share Plan 2024-2028. Information on these Plans is provided in Table 3A.

6. Fees for participating in Board Committees

The fees paid for membership of Board Committees are reported below.

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

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

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

Chairman of the Audit and Risk Committee

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

Committee members

Members of all the Committees, other than the related Chairmen, received a gross sum of €40,000 per year (in addition to pay received in their capacity as Director – €35,000 per year), calculated on a prorated basis for the period in which they were in office.

7. Benefits

In line with the Policy, the Chairman, the Chief Executive Officer, in her position as General Manager, and Key Management Personnel received benefits in 2024. The value of these benefits is shown in Table 1. These amounts were paid on a prorated basis for the period the various positions were held, considering all the persons qualifying as Key Management Personnel for at least a part of the year in 2024.

8. Severance

In 2024, severance payments were made to the Key Management Personnel. The value of these payments is shown in Table 1.

These Severance payments, totalling €1,566,004, were paid with reference to the Remuneration Policy for Key Management Personnel approved in 2024.



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

In line with the requirements of the revised Regulations for Issuers published by the CONSOB and the remuneration paid and described in this Section of the Report, this paragraph provides an annual comparison between 2020, 2021, 2022, 2023 and 2024 of:

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

In this regard, the table below shows total remuneration paid - prorated on the basis of the period in office - to all persons who have held the position of Director or Statutory Auditor, even if for only a fraction of the year, during 2020, 2021, 2022, 2023 and 2024. The change in remuneration between 2021-2020, 2022-2021, 2023-2022, 2024-2023 is only shown for persons receiving pay in both years;

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

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

| NAME AND SURNAME | POSITION | 2020 | 2021 | 2022 | 2023 | 2024 | Δ2024-2023 |
|---------------------------------|---|---------------|---------------|---------------|---------------|---------------|------------|
| Igor De Biasio | Chairman of the Board of Directors | | | | 186,780.2 € | 289,868.9 € | 55.2% |
| Valentina Bosetti | Chairman of the Board of Directors | 148,624.2 € | 238,907.9 € | 238,907.9 € | 85,552.0 € | | |
| Catia Bastioli | Chairman of the Board of Directors | 91,734.9 € | | | | | |
| Giuseppina Di Foggia | Chief Executive Officer and General Manager | | | | 1,368,049.3 € | 1,756,572.6 € | 28.4% |
| Stefano Antonio Donnarumma | Chief Executive Officer and General Manager | 1,203,775.7 € | 1,723,651.3 € | 1,770,743.5 € | 407,451.3 € | | |
| Luigi Ferraris | Chief Executive Officer and General Manager | 526,348.9 € | | | | | |
| Jean-Michel Aubertin | Director | 46,723.8 € | 83,659.1 € | 115,178.2 € | 115,686.9 € | 115,187.3 € | -0.4% |
| Litwack Karina Audrey | Director | | | | 74,450.9 € | 115,187.3 € | 54.7% |
| Donati Krystle Angelica | Director | | | | 74,450.9 € | 107,695.6 € | 44.7% |
| Antonella Baldino | Director | 21,804.5 € | 35,054.2 € | 35,054.2 € | 12,550.1 € | | |
| Paolo Calcagnini | Director | 13,451.1 € | | | | | |
| Valentina Canalini | Director | 21,804.5 € | 35,054.2 € | 35,054.2 € | 12,550.1 € | | |
| Ernesto Carbone | Director | 46,723.8 € | 83,768.9 € | 115,178.2 € | 7,359.2 € | | |
| D'Arienzo Regina Corradini | Director | | | | 48,555.0 € | 75,122.1 € | 54.7% |
| Fabio Corsico | Director | 125,913.4 € | 125,193.7 € | 125,193.7 € | 44,821.7 € | | |
| Alessandra Faella | Director | 46,723.8 € | 83,659.1 € | 115,178.2 € | 41,236.0 € | | |
| Giuseppe Ferri | Director | 46,723.8 € | 83,768.9 € | 115,178.2 € | 41,236.0 € | | |
| Paola Giannotti | Director | 135,986.5 € | 135,209.2 € | 135,209.2 € | 48,407.5 € | | |
| Marco Giorgino | Director | 121,732.1 € | 125,193.7 € | 125,193.7 € | 132,220.7 € | 135,219.8 € | 2.3% |
| Gregori Gian Luca | Director | | | | 74,450.9 € | 115,187.3 € | 54.7% |
| Yunpeng He | Director | 50,400.9 € | 35,054.2 € | 2,497.0 € | | | |
| Gabriella Porcelli | Director | 141,264.6 € | 125,193.7 € | 125,193.7 € | 44,821.7 € | | |
| Mele Francesco Renato | Director | | | | 48,555.0 € | | |
| Simona Signoracci | Director | | | | 74,450.9 € | 141,193.0 € | 89.6% |
| Qinqing Shen | Director | | | 32,709.3 € | 35,209.1 € | 42,624.9 € | 21.1% |
| Anna Chiara Svelto | Director | | | | 80,924.9 € | 125,203.6 € | 54.7% |
| Cucciani Enrico Tommaso | Director | | | | 80,924.9 € | 125,203.6 € | 54.7% |
| Elena Vasco | Director | 48,039.7 € | | | | | |
| Matteo Mario Busso | Standing Auditor | 34,245.9 € | 55,085.2 € | 55,085.2 € | 75,122.1 € | 75,122.1 € | 0.0% |
| Raffaella Fantini | Standing Auditor | 28,019.4 € | 45,069.7 € | 45,069.7 € | 16,135.8 € | | |
| Lorenzo Pozza | Standing Auditor | | | | 29,133.0 € | 45,073.3 € | 54.7% |
| Riccardo Schioppo | Standing Auditor | 21,137.5 € | | | | | |
| Vincenzo Simone | Standing Auditor | 45,205.2 € | 45,069.7 € | 45,069.7 € | 16,135.8 € | | |
| Antonella Tomei | Standing Auditor | | | | 29,133.0 € | 45,073.3 € | 54.7% |
| M. Alessandra Zunino de Pignier | Standing Auditor | 17,294.3 € | | | | | |

The changes are due to the term in office and/or participation in Board Committees and not to any change in the applicable Remuneration Policy. Details of the individual components of remuneration are provided in the tables and notes in Section II of the Reports for 2021, 2022, 2023 and 2024.

Terna Group performance

| INDICATOR | 2020* | 2021* | 2022* | 2023* | 2024* | Δ 2024-2023 |
|----------------------------|-----------|-----------|-----------|-----------|-----------|-------------|
| EBITDA | €1,811.0m | €1,854.8m | €2,059.2m | €2,168.6m | €2,566.4m | 18.3% |
| Relative Total Shareholder | 9.4% | 18.8% | 1.0% | 14.1% | 5.5% | -8.6 p.p. |

* In compliance with the requirements of IFRS 5, the overall results for 2024, 2023, 2022, 2021 and 2020 attributable to the South American subsidiaries involved in the potential sale of the Group's Latin American assets have been classified in "Profit/(Loss) from assets held for sale" in the Group's reclassified income statement.

Total average remuneration of employees

| SCOPE | 2022 (€) | 2023 (€) | 2024 (€) | Δ 2024-2023 |
|---|----------|----------|----------|-------------|
| Employees in the electricity sector (average) | 50,158 | 52,212 | 52,607 | 56,648 |

The median total salary in 2024 is €49,885.



Part two

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

| A | B | C | D | 1 | 2 |
|--|--|-----------------------|--------------------------|-----------------------|--|
| NAME AND SURNAME | POSITION | PERIOD IN OFFICE | EXPIRY OF TERM OF OFFICE | FIXED REMUNERATION | FEES FOR PARTICIPATION IN BOARD COMMITTEES |
| Igor De Biasio | Chairman of the Board of Directors | 01/01/2024-31/12/2024 | Approval of 2025 Budget | | |
| | | | | 50,000.00 € | |
| (I) Remuneration from the company preparing the financial statements | | | | 188,000.00 € | |
| | | | | | 50,000.00 € |
| (II) Remuneration from subsidiaries and associates | | | | | |
| (III) Total | | | | 238,000.00 € | 50,000.00 € |
| Giuseppina Di Foggia | Chief Executive Officer and General Manager | 01/01/2024-31/12/2024 | Approval of 2025 Budget | | |
| | | | | 35,000.00 € | |
| (I) Remuneration from the company preparing the financial statements | | | | 200,000.00 € | |
| | | | | 850,000.00 € | |
| (II) Remuneration from subsidiaries and associates | | | | | |
| (III) Total | | | | 1,085,000.00 € | |
| Jean-Michel Aubertin | Director | 01/01/2024-31/12/2024 | Approval of 2025 Budget | | |
| (I) Remuneration from the company preparing the financial statements | | | | 35,000.00 € | 80,000.00 € |
| (II) Remuneration from subsidiaries and associates | | | | | |
| (III) Total | | | | 35,000.00 € | 80,000.00 € |
| Regina Corradini D'Arienzo | Director | 01/01/2024-31/12/2024 | Approval of 2025 Budget | | |
| (I) Remuneration from the company preparing the financial statements | | | | 35,000.00 € | 40,000.00 € |
| (II) Remuneration from subsidiaries and associates | | | | | |
| (III) Total | | | | 35,000.00 € | 40,000.00 € |
| Enrico Tommaso Cucchiani | Director | 01/01/2024-31/12/2024 | Approval of 2025 Budget | | |
| (I) Remuneration from the company preparing the financial statements | | | | 35,000.00 € | 90,000.00 € |
| (II) Remuneration from subsidiaries and associates | | | | | |
| (III) Total | | | | 35,000.00 € | 90,000.00 € |
| Angelica Krystlie Donati | Director | 01/01/2024-31/12/2024 | Approval of 2025 Budget | | |
| (I) Remuneration from the company preparing the financial statements | | | | 35,000.00 € | 72,520.55 € |
| (II) Remuneration from subsidiaries and associates | | | | | |
| (III) Total | | | | 35,000.00 € | 72,520.55 € |
| Marco Giorgino | Director | 01/01/2024-31/12/2024 | Approval of 2025 Budget | | |
| (I) Remuneration from the company preparing the financial statements | | | | 35,000.00 € | 100,000.00 € |
| (II) Remuneration from subsidiaries and associates | | | | | |
| (III) Total | | | | 35,000.00 € | 100,000.00 € |

Executive
SummarySection I: Report on the
remuneration policy for 2025Section II: Report on
remuneration paid in 2024

| 3 VARIABLE NON-EQUITY PAYMENTS | 4 BONUSES AND OTHER INCENTIVES | 5 BENEFITS IN KIND | 6 OTHER REMUNERATION | 7 TOTAL | 8 FAIR VALUE OF EQUITY-BASED PAYMENTS | SEVERANCE OR TERMINATION PAYMENTS |
|-----------------------------------|--------------------------------------|-----------------------|----------------------------|----------------|--|---|
| | | | | | | |
| | | | | 50,000.00 € | | |
| | | | | 188,000.00 € | | |
| | | | 1,868.95 € | 51,868.95 € | | |
| | | | | | 1,868.95 € | 289,868.95 € |
| | | | | | | |
| | | | | 35,000.00 € | | |
| | 200,000.00 € | | | 400,000.00 € | | |
| 407,784.00 € | | 63,788.65 € | | 1.321,572.65 € | 472,577.69 € | |
| 607,784.00 € | | 63,788.65 € | | 1,756,572.65 € | 472,577.69 € | |
| | | | | 187.27 € | 115,187.27 € | |
| | | | | | 187.27 € | 115,187.27 € |
| | | | | 122.13 € | 75,122.13 € | |
| | | | | | 122.13 € | 75,122.13 € |
| | | | | 203.55 € | 125,203.55 € | |
| | | | | | 203.55 € | 125,203.55 € |
| | | | | 175.09 € | 107,695.63 € | |
| | | | | | 175.09 € | 107,695.63 € |
| | | | | 219.83 € | 135,219.83 € | |
| | | | | | 219.83 € | 135,219.83 € |



**REPORT ON THE REMUNERATION POLICY
FOR 2025 AND REMUNERATION PAID IN 2024**



| A | B | C | D | 1 | 2 |
|--|-------------------------|-----------------------|--------------------------|-----------------------|--|
| NAME AND SURNAME | POSITION | PERIOD IN OFFICE | EXPIRY OF TERM OF OFFICE | FIXED REMUNERATION | FEES FOR PARTICIPATION IN BOARD COMMITTEES |
| Gian Luca Gregori | Director | 01/01/2024-31/12/2024 | Approval of 2025 Budget | | |
| (I) Remuneration from the company preparing the financial statements | | | | 35,000.00 € | 80,000.00 € |
| (II) Remuneration from subsidiaries and associates | | | | | |
| (III) Total | | | | 35,000.00 € | 80,000.00 € |
| Litwack Karina Audrey | Director | 01/01/2024-31/12/2024 | Approval of 2025 Budget | | |
| (I) Remuneration from the company preparing the financial statements | | | | 35,000.00 € | 80,000.00 € |
| (II) Remuneration from subsidiaries and associates | | | | | |
| (III) Total | | | | 35,000.00 € | 80,000.00 € |
| Francesco Renato Mele | Director | 01/01/2024-31/12/2024 | Approval of 2025 Budget | | |
| (I) Remuneration from the company preparing the financial statements | | | | 35,000.00 € | 40,000.00 € |
| (II) Remuneration from subsidiaries and associates | | | | | |
| (III) Total | | | | 35,000.00 € | 40,000.00 € |
| QinJing Shen | Director | 01/01/2024-31/12/2024 | Approval of 2025 Budget | | |
| (I) Remuneration from the company preparing the financial statements | | | | 35,000.00 € | 7,555.56 € |
| (II) Remuneration from subsidiaries and associates | | | | | |
| (III) Total | | | | 35,000.00 € | 7,555.56 € |
| Simona Signoracci | Director | 01/01/2024-31/12/2024 | Approval of 2025 Budget | | |
| (I) Remuneration from the company preparing the financial statements | | | | 35,000.00 € | 105,963.47 € |
| (II) Remuneration from subsidiaries and associates | | | | | |
| (III) Total | | | | 35,000.00 € | 105,963.47 € |
| Anna Chiara Svelto | Director | 01/01/2024-31/12/2024 | Approval of 2025 Budget | | |
| (I) Remuneration from the company preparing the financial statements | | | | 35,000.00 € | 90,000.00 € |
| (II) Remuneration from subsidiaries and associates | | | | | |
| (III) Total | | | | 35,000.00 € | 90,000.00 € |
| Matteo Mario Busso | Standing Auditor | 01/01/2024-31/12/2024 | Approval of 2025 Budget | | |
| (I) Remuneration from the company preparing the financial statements | | | | 55,000.00 € | |
| (II) Remuneration from subsidiaries and associates | | | | 20,000.00 € | |
| (III) Total | | | | 75,000.00 € | |
| Lorenzo Pozza | Standing Auditor | 01/01/2024-31/12/2024 | Approval of 2025 Budget | | |
| (I) Remuneration from the company preparing the financial statements | | | | 45,000.00 € | |
| (II) Remuneration from subsidiaries and associates | | | | | |
| (III) Total | | | | 45,000.00 € | |
| Antonella Tomei | Standing Auditor | 01/01/2024-31/12/2024 | Approval of 2025 Budget | | |
| (I) Remuneration from the company preparing the financial statements | | | | 45,000.00 € | |
| (II) Remuneration from subsidiaries and associates | | | | | |
| (III) Total | | | | 45,000.00 € | |
| Key Management Personnel (11) | | | | | |
| (I) Remuneration from the company preparing the financial statements | | | | 2,171,233.97 € | |
| (II) Remuneration from subsidiaries and associates | | | | | |
| (III) Total | | | | 2,171,233.97 € | |

Executive
SummarySection I: Report on the
remuneration policy for 2025Section II: Report on
remuneration paid in 2024

| 3 VARIABLE NON-EQUITY PAYMENTS | 4 BENEFITS IN KIND | 5 OTHER REMUNERATION | 6 TOTAL | 7 FAIR VALUE OF EQUITY-BASED PAYMENTS | 8 SEVERANCE OR TERMINATION PAYMENTS |
|-----------------------------------|-----------------------|----------------------------|-----------------------|--|--|
| BONUSES AND OTHER INCENTIVES | PROFIT-SHARING | | | | |
| | 187.27 € | | 115,187.27 € | | |
| | 187.27 € | | 115,187.27 € | | |
| | 187.27 € | | 115,187.27 € | | |
| | 187.27 € | | 115,187.27 € | | |
| | 122.13 € | | 75,122.13 € | | |
| | 122.13 € | | 75,122.13 € | | |
| | 69.30 € | | 42,624.85 € | | |
| | 69.30 € | | 42,624.85 € | | |
| | 229.54 € | | 141,193.02 € | | |
| | 229.54 € | | 141,193.02 € | | |
| | 203.55 € | | 125,203.55 € | | |
| | 203.55 € | | 125,203.55 € | | |
| | 89.56 € | | 55,089.56 € | | |
| | 32.57 € | | 20,032.57 € | | |
| | 122.13 € | | 75,122.13 € | | |
| | 73.28 € | | 45,073.28 € | | |
| | 73.28 € | | 45,073.28 € | | |
| | 73.28 € | | 45,073.28 € | | |
| | 73.28 € | | 45,073.28 € | | |
| 1,328,886.00 € | 191,623.01 € | | 3,691,742.98 € | 564,959.68 € | 1,556,004.00 € |
| 1,328,886.00 € | 191,623.01 € | | 3,691,742.98 € | 564,959.68 € | 1,556,004.00 € |



REPORT ON THE REMUNERATION POLICY FOR 2025 AND REMUNERATION PAID IN 2024



Notes Table 1

| | | |
|-----------------------------------|---------------|---|
| Igor De Biasio | Col. 1 | <p>The amount includes:</p> <ul style="list-style-type: none"> - the amount payable as fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Chairman of the Board of Directors (€50,000); - the amount payable as fixed gross annual remuneration payable pursuant to art. 2389, para. 3 of the Italian Civil Code for the position of Chairman of the Board of Directors (€188,000). |
| | Col. 2 | <p>The amount includes:</p> <ul style="list-style-type: none"> - the gross remuneration for the position of Chairman of the Sustainability, Governance and Scenarios Committee (€50,000), known as the Nominations, Governance and Scenarios Committee until 23 October 2024. |
| Giuseppina Di Foggia | Col. 1 | <p>The amount includes:</p> <ul style="list-style-type: none"> - the fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Director (€35,000); - the fixed gross annual remuneration payable pursuant to art. 2389, para. 3 of the Italian Civil Code for the position of Chief Executive Officer (€200,000); - the gross annual pay (€850,000) for the position of General Manager. |
| | Col. 3 | <p>The amount includes:</p> <ul style="list-style-type: none"> - gross amount due under the STI scheme for 2024, relating to the position of Chief Executive Officer (€200,000); - gross amount due under the STI scheme for 2024, relating to the position of General Manager (€407,784). |
| Jean-Michel Aubertin | Col. 1 | <p>The amount relates to fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Director (€35,000).</p> |
| | Col. 2 | <p>The amount includes:</p> <ul style="list-style-type: none"> - the gross remuneration for the position of Member of the Audit and Risk Committee (€40,000), known as the Audit, Risk and Sustainability Committee until 23 October 2024. - the gross remuneration for the position of Member of the Sustainability, Governance and Scenarios Committee (€40,000), known as the Nominations, Governance and Scenarios Committee until 23 October 2024. |
| Regina Corradini D'Arienzo | Col. 1 | <p>The amount relates to fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Director (€35,000). This amount was not paid in 2024.</p> |
| | Col. 2 | <p>The amount relates to the gross remuneration (€40,000) for the position of Member of the Remuneration and Nominations Committee from 23 October 2024 and of the Nominations, Governance and Scenarios Committee until 23 October 2024. This amount was not paid in 2024.</p> |
| Enrico Tommaso Cucchiani | Col. 1 | <p>The amount relates to fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Director (€35,000).</p> |
| | Col. 2 | <p>The amount includes:</p> <ul style="list-style-type: none"> - the gross remuneration for the position of Member of the Audit and Risk Committee (€40,000), known as the Audit, Risk and Sustainability Committee until 23 October 2024. - The gross remuneration for the position of Chairman of the Remuneration and Nominations Committee (€50,000), known as the Remuneration Committee until 23 October 2024. |
| Angelica Kristle Donati | Col. 1 | <p>The amount relates to fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Director (€35,000).</p> |
| | Col. 2 | <p>The amount includes:</p> <ul style="list-style-type: none"> - the gross remuneration for the position of Member of the Related-Party Transactions Committee (€40,000); - the prorated amount payable, for the period from 1 January 2024 to 23 October 2024, as gross remuneration due as a member of the Remuneration Committee (€40,000); |
| Marco Giorgino | Col. 1 | <p>The amount relates to fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Director (€35,000).</p> |
| | Col. 2 | <p>The amount includes:</p> <ul style="list-style-type: none"> - the gross remuneration for the position of Chairman of the Audit and Risk Committee (€60,000), known as the Audit, Risk and Sustainability Committee until 23 October 2024. - the gross remuneration for the position of Member of the Related-Party Transactions Committee (€40,000). |
| Gian Luca Gregori | Col. 1 | <p>The amount relates to fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Director (€35,000).</p> |
| | Col. 2 | <p>The amount includes:</p> <ul style="list-style-type: none"> - the gross remuneration for the position of Member of the Remuneration and Nominations Committee (€40,000), known as the Remuneration Committee until 23 October 2024. - the gross remuneration for the position of Member of the Related-Party Transactions Committee (€40,000). |
| Karina Audrey Litwack | Col. 1 | <p>The amount relates to fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Director (€35,000).</p> |
| | Col. 2 | <p>The amount includes:</p> <ul style="list-style-type: none"> - the gross remuneration (€40,000) for the position of Member of the Remuneration and Nominations Committee from 23 October 2024 and of the Nominations, Governance and Scenarios Committee until 23 October 2024. - the gross remuneration for the position of Member of the Audit and Risk Committee (€40,000), known as the Audit, Risk and Sustainability Committee until 23 October 2024. |

Executive Summary

Section I: Report on the remuneration policy for 2025

Section II: Report on remuneration paid in 2024

| | | |
|---------------------------------|---------------|--|
| Mele Francesco Renato | Col. 1 | The amount relates to fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Director (€35,000). To be paid to Cassa Depositi e Prestiti S.p.A. |
| | Col. 2 | The amount relates to gross remuneration for the position of Member of the Audit and Risk Committee (€40,000), known as the Audit, Risk and Sustainability Committee until 23 October 2024. To be paid to Cassa Depositi e Prestiti S.p.A. |
| QinJing Shen | Col. 1 | The amount relates to fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Director (€35,000). To be paid to State Grid. |
| | Col. 2 | The amount includes: - the prorated amount payable, for the period from 23 October 2024 to 31 December 2024, as gross remuneration due as a member of the Sustainability, Governance and Scenarios Committee (€40,000). |
| Simona Signoracci | Col. 1 | The amount relates to fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Director (€35,000). |
| | Col. 2 | The amount includes: - the gross remuneration for the position of Member of the Remuneration and Nominations Committee (€40,000), known as the Remuneration Committee until 23 October 2024. - the gross remuneration for the position of Member of the Sustainability, Governance and Scenarios Committee (€40,000), known as the Nominations, Governance and Scenarios Committee until 23 October 2024. - the prorated amount payable, for the period from 8 May 2024 to 31 December 2024, as gross remuneration due as a Member of the Related-Party Transactions Committee (€40,000). |
| Anna Chiara Svelto | Col. 1 | The amount relates to fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Director (€35,000). |
| | Col. 2 | The amount includes: - the gross remuneration (€40,000) for the position of Member of the Sustainability, Governance and Scenarios Committee from 23 October 2024 and of the Remuneration Committee until 23 October 2024. - the gross remuneration for the position of Chairman of the Related-Party Transactions Committee (€50,000). |
| Matteo Mario Busso | Col. 1 | The amount includes: - the amount payable as fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Chairman of the Board of Statutory Auditors (€55,000). This amount was not paid in 2024. - compensation as sole statutory auditor of Terna Plus S.r.l.. |
| Lorenzo Pozza | Col. 1 | The amount relates to fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Auditor (€45,000). This amount was not paid in part in 2024. |
| Antonella Tomei | Col. 1 | The amount relates to fixed gross annual remuneration payable pursuant to art. 2389, para. 1 of the Italian Civil Code for the position of Auditor (€45,000). This amount was not paid in part in 2024. |
| Key Management Personnel | Col. 3 | The amount includes total gross remuneration due under the STI scheme for 2024 (€1,328,886) |
| | Col. 8 | Reference to: - Severance payments in line with the Remuneration Policy for 2024 in relation to Key Management Personnel. |



Table 3A

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

| A | B | 1 | FINANCIAL INSTRUMENTS AWARDED IN PREVIOUS YEARS THAT DID NOT VEST DURING THE YEAR | |
|--|--|--|--|-------------------|
| | | | 2 | 3 |
| NAME AND SURNAME | POSITION | PLAN | NUMBER AND TYPE OF FINANCIAL INSTRUMENTS | VESTING PERIOD |
| Giuseppina Di Foggia | Chief Executive Officer and General Manager | Cycle Performance Share Plan 2022-2026 (AGM of 29 April 2022) | | |
| | | Cycle Performance Share Plan 2023-2027 (AGM of 9 May 2023) | 199,481 | 3 years |
| | | Cycle Performance Share Plan 2024-2028 (AGM of 10 May 2024) | | |
| (II) Remuneration from subsidiaries and associates | | | | |
| (III) Total | | | | |
| Key Management Personnel (11) | | | | |
| | | Cycle Performance Share Plan 2022-2026 (AGM of 29 April 2022) | | |
| | | Cycle Performance Share Plan 2023-2027 (AGM of 9 May 2023) | 201,942 | 3 anni |
| | | Cycle Performance Share Plan 2024-2028 (AGM of 10 May 2024) | | |
| (II) Remuneration from subsidiaries and associates | | | | |
| (III) Total | | | | |

Executive
SummarySection I: Report on the
remuneration policy for 2025Section II: Report on
remuneration paid in 2024

| FINANCIAL INSTRUMENTS GRANTED DURING THE YEAR | | | | | FINANCIAL INSTRUMENTS VESTING DURING THE YEAR AND NOT AWARDED | FINANCIAL INSTRUMENTS VESTING DURING THE YEAR AND AWARDED | | FINANCIAL INSTRUMENTS ATTRIBUTABLE TO THE YEAR | |
|---|--------------------------|----------------|------------|----------------------------|---|---|---------------------|--|--|
| 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | |
| NUMBER AND TYPE OF FINANCIAL INSTRUMENTS | FAIR VALUE AT GRANT DATE | VESTING PERIOD | GRANT DATE | MARKET PRICE ON GRANT DATE | NUMBER AND TYPE OF FINANCIAL INSTRUMENTS | NUMBER AND TYPE OF FINANCIAL INSTRUMENTS | VALUE AT GRANT DATE | FAIR VALUE | |
| | | | | | 149,588 | | 7.92** | | |
| 212,100 | 1,417,733.08 | 3 years | 26/06/24 | 7.43* | | | 472,577.69 | | |
| 1,417,733.08 | | | | | | | 472,577.69 | | |
| | | | | | 210,191 | | 7.92** | | |
| 253,559 | 1,694,879.03 | 3 years | 26/06/24 | 7.43* | | | 564,959.68 | | |
| 1,694,879.03 | | | | | | | 564,959.68 | | |

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

** Price calculated on the basis of the Volume Weighted Average Price (VWAP) registered in the 22 working days prior to the date of the Board of Directors' meeting that determined the number of shares to award.



Table 3B

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

| NAME AND SURNAME | POSITION | PLAN | BONUS FOR THE YEAR | | | BONUS FOR PREVIOUS YEARS | | | OTHER BONUSES |
|--|--|----------------|---------------------|-----------------|------------------------|--------------------------|---------------------|-----------------------|---------------|
| | | | (A) PAYABLE/PAID | (B) DEFERRED | (C) DEFERRAL PERIOD | (A) NO LONGER PAYABLE | (B) PAYABLE/PAID | (C) STILL DEFERRED | |
| | | | | | | | | | |
| Giuseppina Di Foggia | Chief Executive Officer and General Manager | | | | | | | | |
| (I) Remuneration from the company preparing the financial statements | | 2024 STI (CEO) | 200,000 € | | | | | | |
| | | | 2024 STI (GM) | 407,784 € | | | | | |
| (II) Remuneration from subsidiaries and associates | | | | | | | | | |
| (III) Total | | | | € 607,784.00 | | | | | |
| Key Management Personnel (9) | | | | | | | | | |
| (I) Remuneration from the company preparing the financial statements | | 2024 STI | € 1,328,886.00 | | | | | | |
| (II) Remuneration from subsidiaries and associates | | | | | | | | | |
| (III) Total | | | € 1,328,886.00 | | | | | | |

FORM 7-ter

Interests of members of management and oversight bodies, General Managers and Key Management Personnel

Shares held by Directors and Statutory Auditors, General Managers and Key Management Personnel

In accordance with art. 84-quater, para. 4 of CONSOB Resolution 11971/99, the following tables provide a list of shares in Terna and its subsidiaries held by Directors, Statutory Auditors, General Managers (table 1) and Key Management Personnel (table 2), and by spouses who are not legally separated and minor children, either directly or through subsidiaries, trust companies or proxies, as recorded in the shareholder register, notifications received and other information obtained by such members of management and oversight bodies, General Managers and Key Management Personnel. The list includes all persons holding the positions of Director, Statutory Auditor, General Manager and Key Management Personnel in 2024.

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

Table 1

| NAME AND SURNAME | POSITION | INVESTEE COMPANY ¹⁴ | NUMBER OF SHARES HELD AT THE END OF THE PREVIOUS YEAR (2023) | NUMBER OF SHARES PURCHASED (IN 2024) | NUMBER OF SHARES SOLD (IN 2024) | NUMBER OF SHARES HELD AT THE END OF 2023 | TITLE ¹⁵ |
|-----------------------------------|---|--------------------------------|--|--------------------------------------|---------------------------------|--|---------------------|
| Matteo Mario Busso | Chairman of the Board of Statutory Auditors | - | 0 | 0 | 0 | 0 | |
| Lorenzo Pozza | Standing Auditor | - | 0 | 0 | 0 | 0 | |
| Antonella Tomei | Standing Auditor | - | 0 | 0 | 0 | 0 | |
| Lucrezia Iuliano | Alternate Auditor | - | 0 | 0 | 0 | 0 | |
| Barbara Zanardi | Alternate Auditor | - | 0 | 0 | 0 | 0 | |
| Antonello Lillo | Alternate Auditor | - | 0 | 0 | 0 | 0 | |
| Igor De Biasio | Chairman of the Board of Directors | - | 0 | 0 | 0 | 0 | |
| Giuseppina Di Foggia | Chief Executive Officer | - | 0 | 0 | 0 | 0 | |
| Francesco Renato Mele | Director | - | 0 | 0 | 0 | 0 | |
| Regina Corradini D'Arienzo | Director | - | 0 | 0 | 0 | 0 | |
| Angelica Krystle Donati | Director | - | 0 | 0 | 0 | 0 | |
| Enrico Tommaso Cucchiani | Director | - | 0 | 0 | 0 | 0 | |
| Gian Luca Gregori | Director | - | 0 | 0 | 0 | 0 | |
| Simona Signoracci | Director | - | 0 | 0 | 0 | 0 | |
| Karina Audrey Litvack | Director | - | 0 | 0 | 0 | 0 | |
| Anna Chiara Svelto | Director | - | 0 | 0 | 0 | 0 | |
| Marco Giorgino | Director | - | 0 | 0 | 0 | 0 | |
| Shen Quinjing | Director | - | 0 | 0 | 0 | 0 | |
| Jean Michel Aubertin | Director | - | 0 | 0 | 0 | 0 | |

Table 2¹⁶

| NUMBER OF KEY MANAGEMENT PERSONNEL | INVESTEE COMPANY ¹⁷ | NUMBER OF SHARES HELD AT THE END OF THE PREVIOUS YEAR (2023) | NUMBER OF SHARES PURCHASED (IN 2024) | NUMBER OF SHARES SOLD (IN 2024) | NUMBER OF SHARES HELD AT END OF 2024 | TITLE ¹⁸ |
|------------------------------------|--------------------------------|--|--------------------------------------|---------------------------------|--------------------------------------|---------------------|
| 10 | TERNA S.p.A. | 188,061 | 199,688 ¹⁹ | 79,487 | 308,262 | ownership |

¹⁴ Terna S.p.A. and its subsidiaries.¹⁵ In this column - added to Form 7-ter of Annex 3A provided for in art. 84-quater, para. 4 of CONSOB Resolution 11971/99 - shows if the shares are held under ownership or a pledge, are held in usufruct, have been deposited, lent or borrowed, etc.¹⁶ During 2024, organisational changes took place that changed the scope of the Key Management Personnel. Therefore, the figures take into account the number of shares held and reported by former and current KMP at the end of 2023 and during 2024. The Company is not aware of share purchases and sales completed after the end of the term of office.¹⁷ Terna S.p.A. and its subsidiaries.¹⁸ In this column - added to Form 7-ter of Annex 3A provided for in art. 84-quater, para. 4 of CONSOB Resolution 11971/99 - shows if the shares are held under ownership or a pledge, are held in usufruct, have been deposited, lent or borrowed, etc.¹⁹ 178,365 shares allocated free of charge in implementing the Performance Share Plan 2021-2025;²⁰ Sale for the purposes of sell to cover with regard to the grant free of charge under the "Performance Share Plan 2021-2025".



Glossary

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

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

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

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

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

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

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

Audit and Risk Committee: this is a Board Committee set up on the basis of art. 6 of the Corporate Governance Code. It consists of five non-executive directors, four of whom are independent and one non-independent, and is chaired by an independent director. A description of the functions of the Audit and Risk Committee is provided in the Report on Corporate Governance and Ownership Structures.

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

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

Sustainability, Governance and Scenarios Committee: this is a Board Committee set up on the basis of art. 4 of the Corporate Governance Code. It consists of five non-executive directors, four of whom are independent and one non-independent, and is chaired by an independent director. A description of the functions of the Sustainability, Governance and Scenarios Committee is provided in the Report on Corporate Governance and Ownership Structures.

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

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

Dow Jones Sustainability Index (or DJSI): the sustainability index published annually by S&P Global, consisting of listed companies considered the best in terms of sustainability performance; in this document, reference is specifically made to the "World" Index.

Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA): is an indicator of operating performance; it is calculated on the basis of profit before taxation, net financial income/(expenses), depreciation, amortisation and impairment losses, as reported in the separate financial statements.



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

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

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

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

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

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

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

Performance Share: this Share represents the shares in Terna S.p.A. awarded as a bonus as part of the long-term incentive plans 2021-2025, 2022-2026, 2023-2027, 2024-2028 linked to specific performance objectives.

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

Regulations for Issuers: the CONSOB Regulations for Issuers 11971 of 14 May 1999, as amended, containing regulations applicable to the issuers of financial instruments.

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

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

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

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

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

Total Shareholder Return ("TSR"): the total return on an equity investment, calculated as the sum :
 i) the 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 deemed to have been reinvested in the shares. The source used for TSR is Bloomberg.

Net Profit: this is an indicator of operating performance; it is calculated on the basis of the difference between revenue and operating costs after depreciation, amortisation and impairment losses, net financial income/ (expenses) and taxation.

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



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www.terna.it

Mercurio GP
Milan

Strategic advisory
Creative concept
Graphic design
Layout
Editing

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Milan

Translation

<https://arkadiatranslations.com/>

