

A photograph of a male worker in a blue long-sleeved shirt and pants, a white hard hat, and yellow rubber boots. He is smiling and looking to his right while pulling a heavy metal chain. The background is a blurred construction site with snow and dirt.

NOTE TO THE READER

As in previous years, the Report on Operations constitutes the Terna Group's Integrated Report for 2018.

In keeping with earlier editions, this year's Integrated Report continues to apply the principles contained in the International Integrated Reporting Framework published by the IIRC (International Integrated Reporting Council), the international body set up to oversee this form of reporting, but introduces a number of significant innovations.

In terms of the manner in which content is organised, pride of place has been given to "Our People": this is our way of highlighting the essential and central role played by expertise and human capital throughout the Group's activities. The need to clearly and fully describe our business model has also led us to choose a "horizontal" approach, based on area of business (Regulated Activities, Non-regulated Activities and International Activities), more in line with the connectivity of information.

The materiality principle has been applied in selecting the information to include; in particular, the inclusion of information regarding environmental, social and governance aspects meets the need to show how they relate to the creation of value. The materiality matrix used is attached to this document.