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Focus on the Tamini Group

The particular nature of the Tamini Group is reflected in the specific materiality analysis and its key environmental and social data.

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Tamini Group

The Tamini Group - acquired on 20 May 2014 by the subsidiary, Terna Plus - operates in the electromechanical sector and is a leader in the design, production, commercialisation and repair of power transformers for electricity transmission and distribution grids, of industrial transformers for the steel and metals industry and of special transformers for convertors used in electrochemical and electrolytic production. The Group's operations are based at six production plants located in Italy at Legnano (MI), Melegnano (MI), Novara, Valdagno (VI), Ospitaletto (BS) and Rodengo (BZ).

The Rodengo plant specialises in services, whilst the Novara production plant continues to manufacture coils, operating as a service centre for all the production sites that manufacture for both the Power and Industrial sectors.

TAMINI GROUP CERTIFICATIONS AND ACCREDITATIONS

TYPE	SCOPE	YEAR OF 1ST ISSUE	YEAR OF RELEASE	YEAR OF EXPIRY
ISO 9001:2015	Tamini Group	1993	2018	2021
ISO 14001:2015	Tamini Group - Legnano (MI), Valdagno (VI) and Ospitaletto (BS) plants	2015	2018	2021
BS OHSAS 18001:2007	Tamini Group	2015	2018	2021

Tamini Group's materiality analysis

As part of the process of progressively applying the Group's reporting standards to its subsidiary, Tamini, a materiality analysis was conducted for the Tamini Group in early 2019.

As described in the "Methodological note" (see page 28), in view of its business model and activities, the Tamini Group is considered to be unlike the rest of the Terna Group. For this reason, data for the Tamini Group is not aggregated with the data for the Terna Group. The materiality analysis represented an opportunity to take a closer look at the particular nature of the Tamini Group.

From a methodological viewpoint, as Terna has adopted the GRI Standards as the basis for its reporting, GRI Standard 103 also formed the basis for the analysis conducted for the Tamini Group. The materiality analysis entailed a series of activities that have enabled identification of the various aspects and processes that characterise the Tamini Group's business and its stakeholder relations. The process began with an analysis of documents, resulting in the mapping of content, projects and initiatives that play a major role in the Group's activities.

Following this analysis, the data obtained was organised and structured in order to produce two charts:

- a Topic Tree, consisting of 17 topics organised into five macro areas;
- a Stakeholder Map, showing fourteen categories of stakeholder, grouped into four areas based on the business context they belong to.

In order to determine the internal significance of topics, interviews were carried out with key departments to gain a further insight into activities and internal processes relating to:

- personnel management;
- supply chain relations and management;
- quality of processes;
- customer relations.

Having consulted the various departments, a meeting was held with Tamini's Chief Executive Officer.

Instead, as regards stakeholder opinions, an analysis of external sources (e.g., national media coverage, local press coverage, news releases issued by labour unions and trade associations) was conducted. These sources were then supplemented with the views of the Company's departments, resulting in an assessment of external significance.

The following chart shows a list of topics in order of internal significance for the Tamini Group.

TAMINI GROUP'S RELEVANT TOPICS

MACRO TOPIC	TOPIC DETAILS	INTERNAL SIGNIFICANCE
People and the community	Workers' health and safety and correct working practices	HIGH
Production, sale and installation	Marketing and level of service provided by the sales network	
Production, sale and installation	Quality of production to meet customers' needs	
Business management	Achievement of financial targets	
Production, sale and installation	Quality of product installation and after-sales service	
Business management	Quality and management of the supply chain	
Business management	Business development and diversification	
People and the community	Personnel development	
Environmental impact management	Reduction of consumption and energy efficiency initiatives	
Business management	Product and process innovation	AVERAGE
Production, sale and installation	Quality and competence of servicing of products not branded Tamini	
Production, sale and installation	Plant monitoring and implementation of maintenance systems	
Ethics and governance system	Robustness and integrity of governance system	
Environmental impact management	Monitoring of environmental emissions and reduction in ecological footprint	
People and the community	Promotion of initiatives benefitting local communities	LOW
Business management	Attentive risk management	
People and the community	Promotion of welfare, diversity and equal opportunities	

Taking into account the opinions of external stakeholders, the following topics are more significant: cuts to consumption and energy efficiency, the monitoring of emissions and the promotion of initiatives for the benefit of local communities.

With respect to the Terna Group's materiality analysis, there are certain specific topics relating to process, product, marketing and customer needs.

Key social data

COMPOSITION OF THE WORKFORCE AT 31 DECEMBER

	2019	2018	2017
Total	**351**	**355**	**368**
Senior managers	8	9	10
Middle managers	15	16	17
Office staff	125	121	129
Blue-collar workers	203	209	212

WORKFORCE TRENDS

	2019	2018	2017
Total employees	**351**	**355**	**368**
Employees recruited during the year	16	14	5
Employees leaving during the year	20	26	33
*Turnover rate (%)**	*6*	*7*	8

** The turnover rate shows the ratio of employees leaving the Company to the number of employees at 31 December of the previous year.*

PERSONNEL DEVELOPMENT

	2019	2018	2017
Hours of training provided	2,486	4,051	4,452
Percentage of employees undergoing performance appraisal	100	62	71

OCCUPATION INJURIES SUFFERED BY EMPLOYEES - GRI-ILO DEFINITIONS [1]

	UNIT	2019	2018	2017
Injury rate [2]		1.2	3.5	4.5
Lost day rate [3]		40.5	76.1	82.6
Injuries	no.	4	11	15
of which serious	no.	1	1	2
of which fatal	no.	0	0	0

[1] The figures for the two-year period 2018-2017 have been modified with respect to the previously published data as the criterion for defining serious injuries is not consistent with the basis used by the Parent Company, Terna S.p.A..

[2] The number of injuries resulting in the loss of at least one day divided by the number of hours worked during the year, multiplied by 200,000 (corresponding to 50 working weeks x 40 hours x 100 employees). To aid comparison with other sources, this indicator has also been calculated using a multiplication factor of 1,000,000 instead of 200,000 (thereby resulting in an injury rate 5 times the ILO injury rate). Based on this method of calculation, the injury rate **is 6.1 in 2019, 17.4 in 2018 and 22.5 in 2017.**

[3] The ratio of days lost due to injury to the number of hours worked during the year, multiplied by 200,000. The days lost are calendar days and are counted from the day on which the injury occurs. To aid comparison with other sources, this indicator has also been calculated using a multiplication factor of 1,000. Based on this method of calculation, the lost day rate **is 0.20 in 2019, 0.48 in 2018 and 0.41 in 2017.**

Key environmental data

CONSUMPTION

	UNIT	2019	2018	2017
Electricity	GWh	4.6	4.6	4.4
Natural gas	000's of m^3	1,183	1,047	970
Water	cubic metres	11,011	15,573	19,903

DIRECT AND INDIRECT ENERGY CONSUMPTION - GIGAJOULES*

	2019	2018	2017
Direct consumption in GJ			
Natural gas for heating	473	419	388
Indirect consumption in GJ			
Electricity	16,619	16,619	15,735

TOTAL DIRECT AND INDIRECT GREENHOUSE GAS EMISSIONS - TONNES OF CO_2 EQUIVALENT*

	2019	2018	2017
Direct emissions			
Natural gas for heating	27	23	22
Indirect emissions			
Electricity**	**1,548**	**1,556**	**1,621**

** To convert consumption into CO_2 equivalent emissions, the parameters set out in the IPCC Fifth Assessment Report (AR5) and Greenhouse Gas Protocol (GHG) Initiative were used.*

*** The conversion of indirect electricity consumption is carried out taking into account the share of total Italian electricity production represented by thermoelectric production in 2019. Allocation for the purposes of the production mix was based on the December 2019 issue of the "Monthly Report on the Electricity System", available on the website at www.terna.it.*

WASTE BY TYPE - IN TONNES

	2019	2018	2017
Waste produced*	**1,045.3**	**1,027.7**	**1,151.4**
of which hazardous	159.7	145.8	278.4
of which non-hazardous	885.6	881.9	873.1
Waste sent for recovery	**1,045.4**	**1,046.2**	**773.6**
of which hazardous	163.7	164.3	-
of which non-hazardous	881.7	881.9	773.6
Waste sent for disposal	**18**	**2**	**377.8**
of which hazardous	14	2	278.4
of which non-hazardous	4	-	99.4

** Only special waste produced during production processes is included, not waste produced by services (urban waste). The data for waste is based on the figures in the Environmental Declaration forms for 2018 and 2017. As a result, the waste shown in the table was produced during the two-year period 2017-2016.*