



Presentation of the Annual Report 2023

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The Terna Group's Annual Report for 2023 contains the Integrated Report, which has fully espoused an approach based on "Integrated thinking". This means that the Report includes in a single document the Report on Operations, the Sustainability Report and the Consolidated Non-financial Statement¹ (the "NFS"²), in addition to the consolidated financial statements, the Parent Company's separate financial statements and the Green Bond Report. Publication of a single document containing all the Group's disclosures meets the need to provide all the Group's stakeholders with clear, complete and balanced reporting on the Group's business and value creation process.

The Terna Group's value creation process represents the stages involved in the Company's creation of wealth and sustainable financial benefits. It is the common thread running throughout this Report. This is the reason why the Terna Group has chosen to describe its value creation model by indicating alongside each "outcome", as shown in the model, the associated strategic action and the section in which it is possible to find the relevant KPIs. The main KPIs are referenced at the beginning of each section of the Integrated Report.



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

In addition, the Integrated Report provides the disclosures required for the Group's [Communication on Progress](#) ("CoP")³, the document that all members of the United Nations Global Compact are required to publish. The document is designed to inform stakeholders on the actions members have taken during the year to advance and support the values expressed in the ten Principles and on progress towards achieving the sustainable development goals ("SDGs") set in the 2030 Agenda.

In line with international best practices, Terna's Integrated Report applies the framework published by the International Integrated Reporting Council ("IIRC"). This focuses on the ability of an organisation to create value in the short, medium and long term, presenting the operating, financial and sustainability performances.

Non-financial information is prepared using the GRI ("Global Reporting Initiative") reporting standards, applying the "in accordance with" option. When possible, reference is also made to the matching SASB ("Sustainability Accounting Standards Board") criteria, the standard used by financial stakeholders located in North America.

The Annual Report contains a disclosure in line with the ESMA Priorities and the updated requirements provided for in the European Taxonomy Regulation.

¹ The Terna Group's NFS has been prepared in compliance with the provisions of Legislative Decree 254/2016, as amended. It contains disclosures on the matters deemed material and provided for in art. 3 of the above Decree, to the extent necessary to enable readers to gain an understanding of the Group's activities, its performance, results and the related impacts. As required by Regulation 852/2020, the NFS also includes the taxonomy disclosure.

² The NFS, prepared using the GRI reporting standards "in accordance core" version, was subject to a limited assurance by Deloitte & Touche S.p.A., resulting in a specific "Assurance report", as required by the provisions of articles 3 and 4 of Legislative Decree 254/16. The opinion of the auditing firm and the related assurance activities did not concern the disclosure relating to the "material performance indicators envisaged in the supplement for the Electric Utility sector (EUSS)", the "other published GRI performance indicators" reported on page 319, the "Key indicator tables", published in the "Sustainability" section of the website at www.terna.it.

³ See the UNGC site at the following link: <https://www.unglobalcompact.org/what-is-gc/participants/11215>.





The Integrated Report has also been prepared taking into account the Terna Group's membership of the Task Force on Climate-Related Financial Disclosures – TCFD. The document thus includes a reconciliation (page 101) to help the reader identify all the sections containing information on the recommendations.

The document also includes the **first attempt to align the Company's disclosures** on biodiversity with the “TNFD” framework (Recommendations of the Taskforce on Nature-related Financial Disclosures) and information on the progress made in implementing the circular economy roadmap.

In line with the materiality principle, where the methods applied in the IIRC framework, the GRI standards and Legislative Decree 254/2016 combine, all the information reported corresponds with a topic identified as significant in the materiality analysis conducted between November 2023 and January 2024. This has identified the topics that are significant for Terna and its stakeholders. It should also be noted that the Materiality Analysis conducted in 2023 focused on identifying and assessing the impacts connected with the material topics, in accordance with the indications in the GRI Standards 2021. In view of the indications provided for in EU Directive 2022/2464 (CSRD) – effective from the 2024 annual reporting period – the report for 2023 is based on an initial application of the Double Materiality approach.

The sustainability performances represented by a GRI KPI are, as is usual, immediately identifiable by a cross-reference to the related code in the margin of the text.

This Annual Report for 2023 was approved by Terna S.p.A.'s Board of Directors on 19 March 2024.

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