



Letter to stakeholders

Dear shareholders and stakeholders,

In 2024 the **macroeconomic environment** was characterised by greater stability compared to the previous year, lower inflation and less volatility in commodity prices, although tension in energy prices related to various factors including ongoing conflicts persisted. These trends led to a change in the **monetary policy** of the European Central Bank, which starting in June began a process of interest rate reductions for the first time since 2019.

In this scenario, Terna recorded an improvement in all **main economic-financial indicators** and maintained its commitment to the continuation of the energy and digital transition of the country's electricity system, guaranteeing investment in infrastructure and programmes related to these objectives.



In the update of the **2024-2028 Industrial Plan** – presented in March of this year – Terna forecast a significant growth in investments, the highest in the Group's history, which will total €17.7 billion over the period of the Plan for the energy transition, energy independence and the acceleration of the country's decarbonisation process. The dual transition - energy and digital concept is the foundation of the Industrial Plan, which has earmarked €2.4 billion for digitalisation and innovation to also ensure the reliability and security of the electricity system, because there is no energy transition without a concurrent digital transition to accompany and support it.

As a Company, we can achieve the ambitious objectives of the Plan, generate further shareholder value and contribute to the development of the country thanks to our most important capital – the **people** – their **excellence** and their constant work: **more than 6,400 employees** who, every day, take care with **passion** and **expertise** in **management, maintenance** and the **evolution of the national electricity grid**.

On the path to decarbonisation, in the year just ended we invested not only in people, but also in enabling and speeding up the integration of renewables into the national grid, including through digitalisation. We have allocated investments in technologies for the benefit of **energy security** and the **resilience of the Italian electricity system**, to improve its efficiency and reliability.

The **strong acceleration in the development of renewable sources** continues: in 2024 the capacity increase amounted to about 7.5 GW, 29% more than in 2023, corresponding to about 1.7 GW. The figure for new activations rose from 1 GW in 2021 to about 3 GW in 2022, reaching about 5.8 GW in 2023. Market interest remains high: as of 31 December 2024 Italy has 76.6 GW of installed capacity from renewable sources, mainly solar, hydro renewable, wind and biomass. And as of 31 December last year, Terna received **requests for connection to the National Transmission Grid (NTG)** for over 348 GW of new renewable capacity, of which 43.6% related to solar and 56.3% to wind (onshore and offshore).

To meet these demands and to advance the twin transitions – energy and digital – we need infrastructure and a short timeframe to achieve them. The constant collaboration between Terna and national and local institutions fosters effective cooperation: our company stands out as a best practice in this field at the European level. In 2024 we recorded **more than €2.3 billion of investments** authorised by the Ministry of the Environment and Energy Security (MASE) and the relevant regional/autonomous provinces: **25 projects for the development of the national electricity grid** that confirm Terna's crucial role in Italy's energy transition and underline the effective cooperation with institutions.

In 2024, among the most relevant projects **approved by the MASE** three major submarine links stand out: Elmed, the Italy-Tunisia power line built by Terna in cooperation with STEG, the Tunisian electricity and gas grid operator; the Adriatic Link, the link between Marche and Abruzzo; the Bolano-Annunziata power line, a 380 kV alternating current interconnection between Calabria and Sicily. The Ministry also gave the go-ahead for the construction of two new electricity connections in the city of Milan, as part of planned activities to increase the reliability of the power supply to the venues that will host the “Milan-Cortina 2026” Olympic and Paralympic Games.

Also in the executive design phase is the **Tyrrhenian Link**: the first phase of laying the submarine cable of the aestern link, which will connect Sicily and Campania and will reach a record depth of more than 2,000 metres below sea level, began in 2025 in Fiumetorto, in the municipality of Termini Imerese, in the province of Palermo. The project, which also includes the western link between Sicily and Sardinia, requires a total investment in the region of €3.7 billion.

These works will not only bring benefits from the point of view of the electrification of the country but also benefits of a social and local nature: in fact, **more than 560 km of new submarine or underground lines** will guarantee a significant reduction in impacts on the landscape and the environment. Moreover, thanks to these projects, about 100 supports will be removed and more than 70 hectares of land will be freed, with positive effects on local communities. As a company, we are convinced that the environmental and social dimensions are mutually supportive and that is why we put people at the centre, for an increasingly fair and inclusive just transition. A key objective of the **Terna Foundation**, which was established in July 2024 and started its activities in early 2025.

These elements confirm that the management of our business is focused on sustainable values and on respect for ESG principles (Environmental, Social, Governance), in keeping with the ten United Nations Global Compact principles, which our Company has applied since 2009. This ensures that we minimise any environment impacts, engage with local stakeholders and adhere to the principles of integrity, responsibility and transparency. Environmental sustainability and respect for biodiversity are also central to the design and construction phases of large-scale projects: for the Tyrrhenian Link, for example, in August 2024 Terna launched an experimental transplantation project at the Fiumetorto landfill of **Cymodocea nodosa**, a protected aquatic plant that is fundamental to the marine ecosystem. The same attention to environmental aspects was paid to the work on the Elmed power line, where more than 1,700 olive trees were uprooted and replanted in the municipality of Partanna, in the province of Trapani, to prepare the area where the converter substation will be built.

One of the Terna projects included in the REPowerEU programme is **SA.CO.I.3**, the 200 kV direct current electricity interconnection that will connect Sardinia, Corsica and Tuscany, contributing to the strengthening of the European electricity market and fostering the integration of renewable sources. Earthworks for the construction of this project started in 2025. The opening of the construction sites confirms the Company's commitment to the execution and completion of the electricity infrastructure, which is essential for the achievement of the objectives set by the National Integrated Energy and Climate Plan (PNIEC).

Moreover, in its **2025 Development Plan** Terna included an investment programme of **more than €23 billion** in the period 2025-2034, an increase of 10% compared to the previous Plan. It is expected that 2030 will see the completion of **strategic works** such as the Tyrrhenian Link, the Adriatic Link, the SA.CO.I.3 and the Elmed interconnection, among others. While by 2034 other reinforcements to the infrastructure will be completed, including the Milan-Montalto HVDC link, the Foggia-Forlì Adriatic Backbone and the Central Link (between Umbria





and Tuscany), the Montecorvino-Avellino-Benevento power line and GR.ITA. 2, the doubling of the Italy-Greece interconnection (first phase of the project). With these works, Terna aims to guarantee the **safety** and **quality** of service, the **efficiency** and **resilience** of the grid, the **sustainability** and the **integration** of production from **renewable sources**.

At the heart of the 2025 Development Plan is also the efficient spatial planning of the country's energy infrastructure. In this context, the Energy Decree (Decree-Law 181 of 9 December 2023, converted into Law 11 of 2 February 2024) entrusted Terna with the task of creating a new digital portal. It is the **TE.R.R.A. platform** (Territorio, Reti, Rinnovabili e Accumuli, or Territory, Networks, Renewables and Storage), online from June 2024, which integrates and makes available strategic and relevant information on existing and future energy infrastructure, connection requests and spatial constraints. It can be accessed by national and local administrators, legislators and proposing parties who, thanks to the maximum transparency and wealth of information on connection requests and their status, have a crucial tool for efficient management at their disposal. As of October 2024, **Terna's new Data Portal** is also online, an integrated digital platform containing all operating and statistical data on the national electricity system and market, and for the first time also those on storage systems.



The study of the most innovative and cutting-edge technologies for the energy transition is an essential tool to deal with new IoT (Internet of Things) and Artificial Intelligence solutions, to be flanked by Digital Twin models of the electricity grid, robotics and drones for asset monitoring. In fact, Terna has adopted an open innovation model, which also makes use of an antenna in Silicon Valley, the place with the highest density of innovative companies in the world. In order to support innovation and research initiatives, the first **Terna Innovation Zone** was opened last October at **San Francisco** with the aim of supporting the development of start-ups and innovative Italian small and medium-sized enterprises and facilitating their access to the US market. This first initiative was followed at the beginning of 2025 by the **Terna Innovation Zone Tunisia**, the first innovation hub in Africa managed by our Company, which strengthens the strategic partnership between Italy and Tunisia and promotes technological innovation, fostering the development of skills in the Tunisian energy sector.

A hub for technological, innovative and digital solutions in the energy and industrial sectors, Terna Energy Solutions S.r.l. (TES), the Group company that manages the **Non-regulated Activities** in competitive markets, was reorganised in March 2025 through the integration of diversified competencies along the entire energy value chain. Consistent with the business model linked to the update of the 2024-2028 Industrial Plan, the new corporate structure of TES envisages that the company Altenia, which handles all the system integrator activities for the energy transition, will join the Tamini Group, the Italian leader in the transformer sector, and the Brugg Cables Group, the leading company in the terrestrial cable sector.

In line with the Group's strategy, which combines investment and sustainability, Terna has strengthened its commitment to sustainable finance, a market segment in which the Company remains a leader. As confirmation of this strategy, in April 2024 it launched a **perpetual, subordinated, hybrid, non-convertible green bond issue**, with a fixed rate and a total nominal amount of €850 million. Also popular in the market, with requests for almost five times the offer, was the **new green bond** worth €750 million launched in February 2025 with a duration of seven years. During the year we also celebrated **20 years since the listing** on the Italian stock exchange. Over this period of time the share value quadrupled and the capitalisation is among the highest in the FTSE MIB.

Over the course of the period Terna confirmed its **leadership in the field of sustainability** with its inclusion in the STOXX "Global ESG Leaders" index, Dow Jones Sustainability, ESG FTSE4Good and Euronext Vigeo, among others. Sustainability is an integral part of the Group's 2024-2028 Industrial Plan. In fact, Terna's capital expenditure are considered 99% sustainable according to the eligibility criteria introduced by the European Taxonomy. As confirmation of its importance, the Sustainability Plan was integrated into the Industrial Plan for the first time in Terna's history.

For the fifth consecutive year, Terna took first place in Europe's leading survey assessing the transparency of the digital channels of the largest listed companies. Indeed, in the 2024-2025 edition the **Webranking by Comprend** awarded a score of 95.3 out of 100, an increase of 0.6 points compared to the previous year.

The development of corporate strategies and of the core projects of our Industrial Plan goes hand in hand with the focus on people. Their well-being, the development of skills and the promotion of excellence are an integral part of our people strategy that combines proactivity, inclusion and performance, encouraging an organisational culture focused on growth, change and merit, elements that are also found within the Terna Academy training centre. Terna's people strategy also includes the active and constant search for professionals and talent in keeping with the 2024-2028 Industrial Plan, which envisages an organic growth of 1,400 people. Also confirming the value of Terna's people strategy launched in 2024 is the certification **Top Employers 2025** received by Terna for excellence and its HR strategies. Closely related to the objectives of the Group's ESG Plan, with which the Company has committed to create a listening desk, promote inclusive language, raise awareness on the issue of disabilities, and further consolidate the training of those involved in personnel selection, for equal access opportunities, is the **Terna Ability** project. It is a vertical programme, divided into numerous projects, launched by Terna in 2024 with the objective of creating value for the Company and for the country. Last year, Terna also received certification for **gender equality**, which highlights its strong commitment to eliminating inequalities and creating an inclusive working environment that rewards merit.

Following the success of the first two editions, classes began for the third edition of the Master's programme entitled "Digitalisation of the electricity system for the energy transition" promoted by Terna in cooperation with the Universities of Cagliari, Palermo and Salerno as part of the **Tyrrhenian Lab** project. It is a winning model that invests in **continuous training of new skills**, with a high academic level training opportunity for the new generations that will join the Terna Group, and which we aim to extend to other locations in Italy and abroad.



Terna's commitment "to the future of energy" therefore involves not only **infrastructure** but also **people**, our most important and distinctive asset. We intend to develop this capital by working on sustainability, investments, solidarity and digitalisation to enable a **sustainable, just and inclusive energy and digital transition**.



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Chairman

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Chief Executive Officer and General Manager