

Stakeholder relations

People within the organisation

EMPLOYEE TRADE UNION MEMBERSHIP

	Unit	2017	2016	2015	CHANGE 17-16	% CHANGE 17-16
Rate of trade union membership	%	49.9	50.2	49.6	-0.3	0.7

TRADE UNION AGREEMENTS

	Unit	2017	2016	2015	CHANGE 17-16	% CHANGE 17-16
Agreements signed during the year	no.	14	27	11	-13	-48.1

Electric utilities

> EU3

CUSTOMER ACCOUNTS REGULATED MARKET

	Unit	2017	2016	2015	CHANGE 17-16	% CHANGE 17-16
Interruptible users	no.	288	286	275	2	0.7
Distributors directly connected with the NTG	no.	27	25	25	2	8.0
Supply-side dispatching service users (producers and traders)	no.	140	135	120	5	3.7
Demand-side dispatching service users (traders and end users, including the Single Buyer)	no.	186	182	185	4	2.2

Suppliers

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NUMBER OF SUPPLIERS AND QUALIFICATION

	Unit	2017	2016	2015	CHANGE 17-16	% CHANGE 17-16
Number of suppliers						
Number of contracted suppliers	no.	1,978	1,818	1,857	160	9
Procurement of materials and services						
Goods	€m	292	277	600	14	5
Works	€m	228	106	168	122	115
Services	€m	136	147	126	-11	-7
Supplier origin ⁽¹⁾						
Italian suppliers	%	96.3	95.4	78.5	1	1
Overseas suppliers	%	3.7	4.6	21.5	-1	-20
Award procedures ⁽²⁾						
European tenders	%	65.5	60.9	75.3	5	8
Non-European tenders	%	15.6	21.7	13.0	-6	-28
Fixed	%	12.1	14.2	10.0	-2	-15
One-off contracts ⁽³⁾	%	6.9	3.2	1.7	4	111
Qualification						
Companies on list of approved suppliers	no.	404	392	403	12	3
Qualified categories	no.	45	44	44	1	2
Number of audits	no.	604	743	768	-139	-19

⁽¹⁾ Data referred to the amount ordered during the year.

⁽²⁾ Based on the percentage of the value of contract awards.

⁽³⁾ The "One-off contracts" category primarily includes: sponsorship and donations, fees paid to public entities and trade bodies.

Shareholders

COMPOSITION OF SHAREHOLDER BASE

	Unit	2017	2016	2015	CHANGE 17-16	% CHANGE 17-16
CDP Reti SpA ⁽¹⁾	%	29.85	29.85	29.85	-	-
Other institutional + retail investors	%	70.15	70.15	70.15	-	-
- of which significant institutional investors ⁽²⁾	%	5.12	5.12	2.01	-	-

⁽¹⁾ A subsidiary of Cassa Depositi e Prestiti SpA.

⁽²⁾ Shareholders who, based on the available information and notifications received from the CONSOB, own interests in Terna SpA that are above the notifiable threshold established by CONSOB Resolution n° 11971/99.

SOCIALLY RESPONSIBLE INVESTMENTS ⁽¹⁾

	Unit	2017	2016	2015	CHANGE 17-16	% CHANGE 17-16
Share capital held by identifiable institutional investors owned by SRIs	%	11	10	10	1,3	12,8

⁽¹⁾ In addition to more traditional criteria, these investments are also based on an approach that takes into account ESG (Environmental, Social, Governance) aspects. Further details of SRIs are provided on page 32 in the section of this Report entitled "Profile of Terna".

SHARE PERFORMANCE

	Unit	2017	2016	2015	CHANGE 17-16	% CHANGE 17-16
Share price performance	%	11.3	-8.5	26.5	19.8	232.9
Terna in stock market indexes						
FTSE MIB	%	1.9	2.1	2.1	-0.2	-7.6

SHAREHOLDER RETURN

	Unit	2017	2016	2015	CHANGE 17-16	% CHANGE 17-16
Total Shareholder Return (TSR)						
- since the IPO	%	513.9	429.5	453.3	84.4	19.7
- since the beginning of the year	%	15.9	-4.3	32.5	20.2	469.8

INVESTOR RELATIONS

	Unit	2017	2016	2015	CHANGE 17-16	% CHANGE 17-16
Meetings/conference calls with investors ("buy-side")	no.	301	345	258	-44	-12.8
Meetings/conference calls with financial analysts ("sell-side")	no.	218	195	230	23	11.8
Meetings with specific investors and/or with space given to CSR issues	no.	20	16	16	4	25.0
Information requests from retail investors ⁽¹⁾	no.	12	12	7	-	-

⁽¹⁾ The figure includes requests received via e-mail.

Credit providers

DEBT

	Unit	2017	2016	2015	CHANGE 17-16	% CHANGE 17-16
Financial debt ⁽¹⁾	€m	7,796	7,976	8,003	-180	-2
Equity ⁽²⁾	€m	3,829	3,555	3,346	274	8
Debt to Equity	%	203.6	224.4	239.2	-	-

⁽¹⁾ For the comparative purposes, certain amounts in the financial statements for the year ended 31 December 2016 have been restated without, however, adjusting the value of equity at 31 December 2016.

⁽²⁾ The figures for equity at 31 December 2017, 2016 and 2015 include non-controlling interests in the Tamini Group and the subsidiary, Terna Interconnector.

LOANS FROM THE EUROPEAN INVESTMENT BANK (EIB)

	Unit	2017	2016	2015	CHANGE 17-16	% CHANGE 17-16
Outstanding debt on EIB loans	€m	1,727	1,612	1,725	115	7.1

Reports and complaints

IMPLEMENTATION OF THE CODE OF ETHICS

	Unit	2017	2016	2015	CHANGE 17-16	% CHANGE 17-16
Total reports received ⁽¹⁾	no.	1	2	2	-	-
<i>Areas of operation for which reports received ⁽²⁾</i>						
- Treatment of employees	no.	-	1	1	-	-
- Supplier management	no.	1	1	1	-	-
- Environment and Safety	no.	-	-	1	-	-
- Corruption/ Corporate loyalty	no.	-	-	-	-	-
- Terna's Compliance /Other	no.	-	1	-	-	-
<i>Outcome of reports</i>						
- Without grounds	no.	1	2	2	-	-
- Action taken ⁽³⁾	no.	-	-	-	-	-
- Under investigation	no.	-	-	-	-	-

⁽¹⁾ The report received in 2017 was sent to the Ethics Committee. Of the 2 reports in 2016, 1 was received by the Audit department and 1 by the Ethics Committee; reports in 2015 were received by the Ethics Committee.

⁽²⁾ Each report or infringement may relate to any number of areas of operation.

⁽³⁾ Action may take the form of a sanction and/or another form - such as, for example, the revision of procedures, internal controls, etc. - with the aim of avoiding a repetition of the event giving rise to the report.

ENVIRONMENTAL COMPLAINTS

	Unit	2017		2016		2015		CHANGE 17-16	% CHANGE 17-16
		Received	Dealt with	Received	Dealt with	Received	Dealt with	Received	Dealt with
Total complaints received	no.	25	20	34	29	19	16	-9	-26
Environmental aspect of complaints received									
- Waste	no.	1	1	1	1	0	0	-	-
- Noise	no.	13	9	14	11	9	7	-1	-7
- Biodiversity	no.	-	-	-	-	-	-	-	-
- Landscape	no.	-	-	2	1	-	-	-	-
- Electrical and magnetic fields	no.	4	3	8	7	3	2	-4	-50
- Lighting	no.	-	-	-	-	-	-	-	-
- Vegetation management	no.	3	3	6	6	5	5	-3	-50
- Other	no.	4	4	3	3	2	2	-1	-33

Litigation

ENVIRONMENTAL LITIGATION

	Unit	2017	2016	2015	CHANGE 17-16	% CHANGE 17-16
Pending	no.	96	96	107	-	-
In progress	no.	8	6	5	2	33.3
Settled	no.	8	17	15	-9	-52.9

SUPPLIER LITIGATION

	Unit	2017	2016	2015	CHANGE 17-16	% CHANGE 17-16
Pending	no.	23	22	24	1	4.5
In progress	no.	4	0	3	4	-
Settled	no.	3	2	2	1	50.0

CUSTOMER LITIGATION

	Unit	2017	2016	2015	CHANGE 17-16	% CHANGE 17-16
Pending	no.	15	17	16	-2	-11.8
In progress	no.	1	1	2	-	-
Settled	no.	3	0	0	3	-

LITIGATION WITH EMPLOYEES

	Unit	2017	2016	2015	CHANGE 17-16	% CHANGE 17-16
Pending	no.	10	12	3	-2	-16.7
In progress	no.	5	11	3	-6	-54.5
Settled	no.	7	2	6	5	250

Value added ⁽¹⁾

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MEASUREMENT AND REDISTRIBUTION OF VALUE ADDED ⁽²⁾

	Unit	2017	2016	2015	CHANGE 17-16	% CHANGE 17-16
A – Remuneration of employees	€	322,058,429	327,152,165	303,071,673	-5,093,736	-2
B – Payments to the government	€	301,533,096	320,643,092	309,537,047	-19,109,996	-6
C – Payments to credit providers	€	97,746,883	105,508,004	179,544,713	-7,761,121	-7
D – Payments to providers of risk capital ⁽³⁾	€	442,198,240	414,058,352	401,998,400	28,139,888	7
E – Retained by the Company	€	252,011,601	213,870,808	193,314,279	38,140,793	18
TOTAL NET VALUE ADDED	€	1,415,548,249	1,381,232,421	1,387,466,112	34,315,828	2

⁽¹⁾ Value added measure the value created by an enterprise, but also by an entire economy, over a certain period, usually a year. In corporate accounting terms, value added is calculated by subtracting the costs of purchasing the intermediate goods and services used in operations from the value of production (revenue attributable to the goods and services produced during the year). These costs do not include personnel expenses, which instead form part of the value added by the enterprise to the intermediate goods and services as a result of its operations. The difference between revenue generated by the sale of the final product and the cost of the raw materials (and the related support services) is the value added, which, in addition to personnel expenses, also includes any profit and the share of income used to pay the interest on debt and income tax.

⁽²⁾ Amounts relating to the creation and distribution of value added have been taken from the consolidated financial statements prepared in accordance with IFRS/IAS. In particular, the Terna Group has used IFRS/IAS since 2005.

⁽³⁾ Payments to providers of risk capital in 2017 regard the interim dividend paid in November 2017 (€149.3 million) and the final dividend proposed to shareholders by the Board of Directors at the General Meeting held on 22 March 2018 (€292.9 million).