

## **Diversity Policy for Administrative and Auditing Bodies of TERNA S.p.A.**

### **1. Purpose and addressees**

This document (the “**Diversity Policy**” or the “**Policy**”) provides non-binding indications regarding aspects including age, gender, geographical origin, training and professional path, of members of the Board of Directors and the Board of Statutory Auditors of Terna S.p.A. (“**Terna**” or the “**Company**”).

The purpose of this procedure is to identify criteria for qualitative and quantitative composition of the Board of Directors aimed at effective performance of the duties and responsibilities assigned to the management board, also through inclusion of persons that ensure sufficient diversity of perspectives and capabilities required for proper understanding of current business, long-term risks and opportunities regarding company business and sustainability of operations also in the medium-long term.

This Policy has been drafted taking into account the nature and complexity of company business, the social and environmental context in which the company operates, the experience built up by the Board of Directors in relation to the activity and operating methods of the Board of Directors and its Committees, as well as the results of self-evaluation conducted over recent years.

It is aimed particularly at parties involved in selection and appointment of members of the Board of Directors of the Company and therefore:

- at shareholders who, under law and the terms of the by-laws, intend to present lists of candidates for appointment of the Board of Directors;
- at the shareholders’ meeting called to appoint the Board of Directors;
- at the “exiting” Board of Directors of the Company, in the event that it intends to present its own list of candidates, upon renewal of the Board of Directors;
- at the Board of Directors of the Company, in addition to Shareholders, in the event that during the mandate it becomes necessary to replace members of the Board of Directors under the terms of Art. 2386 of the Italian Civil Code.

Integrity and independence requirements remain applicable, as do rules regarding incompatibility and/or forfeiture as defined by the law and the Company By-Laws.

This Policy is also aimed, within the terms defined below, at the Board of Statutory Auditors of the Company.

The Policy finds application within the scope of the Corporate Governance System applied by the Company in line with the principles contained in the Governance Code, July 2015 edition (hereinafter the “Governance Code”), i.e. with particular reference to aspects connected and supplementary to this Policy regarding, for example, the role of the Board of Directors, the Chairperson of the Board of Directors, Executive Directors, Independent Directors, Subcommittees, and the Board of Statutory Auditors.

## **2. Size of the Board of Directors**

Under the terms of the Company By-Laws, the number of members of the Board of Directors is defined by the Shareholders' Meeting as between seven and thirteen members.

Without prejudice to the foregoing, it is considered that the current number of members of the Board of Directors, nine, allows adequate balance of the capabilities and experience required by the complexity of the Group Companies, also within the Board Committees.

Any increase in the number of members of the Board of Directors should permit further enrichment of the mix of characteristics, capabilities and professional qualities present in the Board, within the terms defined below.

## **3. Professional/managerial, independence, capability and experience requirements**

Regarding the professional/managerial requirements of Directors', it is first noted that, under the terms of Art. 15.3 of the Terna By-Laws, appointment to the position of Company director will be precluded - and in case of appointment the position will be forfeited - for those without a total of three years' experience in:

- administration and auditing activities or management positions with joint-stock companies whose share capital amount shall not be inferior to 2 million Euros, or
- professional activities or university teaching with tenure in the following subjects: law, economics, finance and technical/scientific subjects strictly related to the Company's business (i.e. subjects concerning commercial law and tax law, business economy and business finance, as well as subjects and sectors relating to energy in general, communications and grid structures); or
- executive positions with government authorities or public administrations operating in the credit, finance and insurance sectors or, in any case, in sectors strictly related with the Company's business (see above).

Furthermore, in order to guarantee that the national transmission grid is managed according to principles of neutrality and impartiality, without discrimination of users or user groups, in addition to specific provisions regarding appointment methods for corporate bodies, it is defined by Art. 15.5 of the Company By-laws that Company directors may not hold the role, under penalty of forfeiture, of director, member of the supervisory board or other bodies that legally represent an enterprise operating in the generation or supply of electricity or gas.

It is also noted that on the basis of Art. 15.4 of the Company By-Laws, at least one third of the Directors must be in possession of the independence requirements established for statutory auditors, and that the Governance Code to which the Company adheres defines that for issuers belonging to the FTSE-MIB, at least one third of the Board of Directors must be composed of independent directors.

In line with the recommendations of the Governance Code:

- at least one member should possess adequate knowledge and experience in finance or remuneration-policy matters;
- at least one member should possess adequate experience in accounting and finance or risk-management matters.

Without prejudice to the foregoing, it is considered that in the context of the Board of Directors, the presence of persons with professional and managerial capabilities in the following sectors should be guaranteed:

- energy/grid structures/public services;
- finance, administration and auditing;
- legal;
- strategy;
- engineering;
- sustainability.

The presence of diversified and complementary skills and experience favours debate and efficient functioning of the Board of Directors.

It is also desired that all directors possess knowledge of the English language such as to allow them to correctly understand written documents and therefore ensure the possibility of reaching resolutions which directly regard documents in English, also considering the Terna Group's international presence.

#### **4. Age and seniority of role**

The Board of Directors should include persons of different ages and seniorities of role, in order to favour the creation of an appropriate balance between experience, continuity, innovation and risk appetite.

#### **5. Gender**

The Board of Directors must guarantee suitable representation of both genders.

Specifically, in line with applicable legislation and the Company By-Laws, the Board of Directors must be composed at least one third (rounded up) of persons belonging to the "lesser represented" gender which, based on past experience, is usually the female gender.

#### **6. Geographic origin and international experience**

Whilst acknowledging the strong presence of Terna within the Italian national territory, it is nevertheless recommended to ensure the presence of Directors with educational and professional experience in international contexts, supporting further increase in the quality of debate by the board, also considering the Group's international presence.

#### **7. Composition of the Board of Statutory Auditors**

In relation to the Board of Statutory Auditors, it is noted that, under the terms of applicable legislation and the Company By-Laws, at least one of the standing auditors must be enrolled in the registry of auditors and must have performed statutory auditing activity for a period of no less than three years.

Auditors that are not in possession of this requisite must be selected from persons that have built up overall experience of at least three years in:

- administration and auditing activities or management positions with joint-stock companies whose share capital shall not be inferior to two million Euros, or
- professional activities or university teaching with tenure in the following subjects: law, economics, finance and technical/scientific subjects strictly related to the Company's business, or
- executive positions with government authorities or public administrations operating in the credit, finance and insurance sectors or, in any case, in sectors strictly related with the Company's business (i.e. subjects concerning commercial law and tax law, business economy and business finance, as well as subjects and sectors relating to energy in general, communications and grid structures.)

Regarding gender quotas, in line with the current provisions of applicable legislation and the Company By-Laws, the Board of Statutory Auditors must be composed one third of persons belonging to the "lesser represented" gender which, based on past experience, is usually the female gender.

Members of the Board of Statutory Auditors must also possess the integrity and independence requirements defined by applicable legislation and the Company By-Laws.

Members of the Board of Statutory Auditors, as a whole, are competent in the sectors of Company operations.

The principles of this policy prepared for the Board of Directors apply to members of the Board of Statutory Auditors, where compatible, in particular regarding age, gender, seniority, and professional experience, elements which may be held under consideration by shareholders upon renewal.

## **8. Adoption, implementation and amendment of the Diversity Policy**

This Policy is adopted by the Board of Directors, on proposal of the Appointments Committee and the Audit and Risk, Corporate Governance and Sustainability Committee.

The aforementioned Committees are called, each on the basis of its competence, to support the Board of Directors in implementation of the Policy, as well as in verification and evaluation of the implementation methods and results in the relative financial year, also for description of this Policy to be provided annually within the report on corporate governance and ownership structures.

Any amendments or revisions to the Diversity Policy are subject to approval by the Board of Directors, on proposal of the aforementioned Committees, also taking into consideration the results of annual self-evaluation of the Board of Directors.