

**ASSESSMENT**

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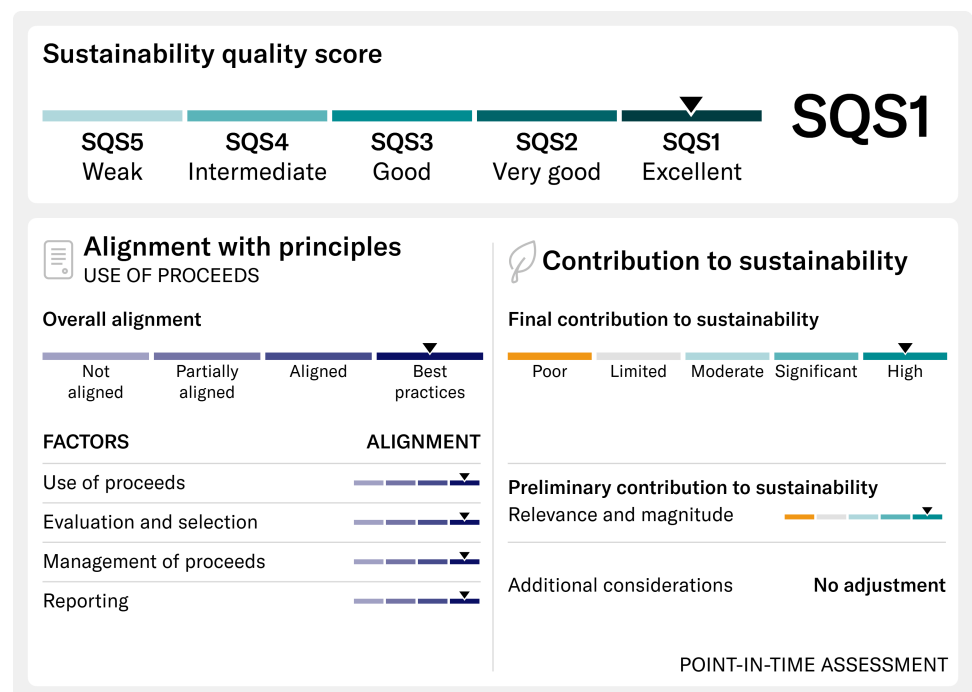
# Terna - Rete Elettrica Nazionale S.p.A.

## Second Party Opinion – Green Bond Framework Assigned SQS1 Sustainability Quality Score

### Summary

We have assigned an SQS1 Sustainability Quality Score (excellent) to Terna - Rete Elettrica Nazionale S.p.A.'s (Terna) green bond framework dated July 2025. The company has established its use-of-proceeds framework to finance projects across three eligible green categories — renewable energy, energy efficiency, and quality, security and resiliency of electricity transportation infrastructure. The framework is aligned with the four core components of the International Capital Market Association's (ICMA) Green Bond Principles (GBP) 2025, and the issuer has also incorporated Moody's Ratings identified best practices for all four components. The framework demonstrates a high contribution to sustainability.

Within the scope of our assessment<sup>1</sup>, the single economic activity — 4.9. Transmission and distribution of electricity — across the three eligible categories aligns with the EU taxonomy criteria, as outlined in Appendix 4 of this report.



## Scope

We have provided a Second Party Opinion (SPO) on the green credentials of Terna's green bond framework, including the framework's alignment with the ICMA's GBP 2025. Under its framework, the company plans to finance projects across three green categories, as outlined in Appendix 3 of this report.

We have also provided a supplementary opinion considering whether the economic activity in the framework aligns with the EU taxonomy criteria<sup>2</sup>. Our work does not constitute an assurance, verification or audit of EU taxonomy criteria.

Our assessment is based on the last updated version of the framework dated July 2025, and our opinion reflects our point-in-time assessment<sup>3</sup> of the details contained in this version of the framework, as well as other public and non-public information provided by the company.

We produced this SPO based on our [Assessment Framework: Second Party Opinions on Sustainable Debt](#), published in October 2025.

## Issuer profile

Founded in 1999 and based in Rome, Italy, Terna owns and manages nearly the entire high-voltage and very high-voltage electricity transmission grid in the country, spanning approximately 75,000 kilometers. The company is responsible for the grid's operation, maintenance, and development. Terna maintains a balance between energy supply and end-user consumption by coordinating deliveries and withdrawals.

While Terna faces moderate environmental risks due to climate-related factors like extreme weather potentially damaging assets, disrupting operations and increasing maintenance costs, its exposure to carbon transition, water management, natural capital, and pollution risks is limited. The industry faces challenges from the ongoing energy crisis, necessitating more projects to ensure supply security and meet decarbonization goals. Terna's 2024-2028 Industrial Plan addresses these issues by focusing on enhancing grid flexibility and resilience to facilitate the energy transition and reduce CO<sub>2</sub> emissions.

## Strengths

- » The eligible categories demonstrate full alignment with the EU taxonomy criteria, qualifying as contributing substantially to climate change mitigation and causing no significant harm to any of the other environmental objectives.
- » Eligible projects address environmental challenges that are highly relevant for the issuer and its sector.
- » The projects' definitions, along with the processes for evaluating and selecting projects, managing proceeds, and reporting, are all aligned with the market's best practices.

## Challenges

- » The proceeds are expected to be allocated over the duration of the relevant Terna's Industrial Plan, currently lasting five years. While this timeframe is typical for transmission projects, it exceeds the 24-month best practice commonly seen in the market.

This publication does not announce a credit rating action. For any credit ratings referenced in this publication, please see the issuer/deal page on <https://ratings.moody's.com> for the most updated credit rating action information and rating history.

## Alignment with principles

Terna's green bond framework is aligned with the four core components of the ICMA's GBP 2025 and is in line with Moody's Ratings identified best practices. For a summary alignment with principles scorecard, please see Appendix 1.

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|--|--|
| <input checked="" type="radio"/> Green Bond Principles (GBP)       | <input type="radio"/> Green Loan Principles (GLP)                  |
| <input type="radio"/> Social Bond Principles (SBP)                 | <input type="radio"/> Social Loan Principles (SLP)                 |
| <input type="radio"/> Sustainability-Linked Bond Principles (SLBP) | <input type="radio"/> Sustainability Linked Loan Principles (SLLP) |

## Use of proceeds



### Clarity of the eligible categories – BEST PRACTICES

Terna has clearly outlined the nature of the expenditures and provided detailed eligibility criteria for the three eligible categories. These categories are defined in accordance with the EU taxonomy criteria, thus constituting a reference to stringent, internationally recognized technical thresholds. The company has specified that eligible projects are located within Italy and in the interconnected networks of the European Interconnected System, which includes the electricity grid control areas of EU Member States, Norway, Switzerland, the United Kingdom (UK), and their subordinate systems.

### Clarity of the environmental or social objectives – BEST PRACTICES

The issuer has clearly outlined the environmental objective as climate change mitigation, which is relevant for the eligible categories and is coherent with recognized international standards, including the EU taxonomy and the United Nations' (UN) Sustainable Development Goals (SDGs).

### Clarity of expected benefits – BEST PRACTICES

The expected environmental benefits identified are clear and relevant for all three eligible categories. These benefits are measurable, and the company will include them in its ongoing reporting. Terna will communicate the estimated share of refinancing to investors during each issuance process upon request and will disclose the actual refinancing share in the annual reporting. The maximum look-back period of 24 months, starting from the last annual reporting reference date, has been clearly defined in framework.

## Process for project evaluation and selection



### Transparency and clarity of the process for defining and monitoring eligible projects – BEST PRACTICES

Terna has established a clear and structured decision-making process for determining the eligibility of projects, outlined in its public framework. A dedicated Green Committee, which is composed of employees holding related roles, oversees the evaluation and selection processes. The Committee meeting will take place on an annual basis and when the situation requires.

The issuer is dedicated to ongoing monitoring to ensure that eligible projects maintain alignment with the eligibility criteria throughout the duration of the bonds issued under this framework. Should a project become ineligible, be postponed or canceled, it will be replaced with another that meets the eligibility requirements.

Terna's framework outlines the environmental and social (E&S) risk mitigation process, assessing substantial risks against internal policies and international standards like those from the International Organization for Standardization (ISO). Terna will monitor environmental, social and governance (ESG) controversies in accordance with the framework's commitments, providing information on

ESG management and controversies for key projects where feasible. Monitoring will continue throughout the bond's life, and projects with controversies will be replaced by eligible alternatives.

### Management of proceeds

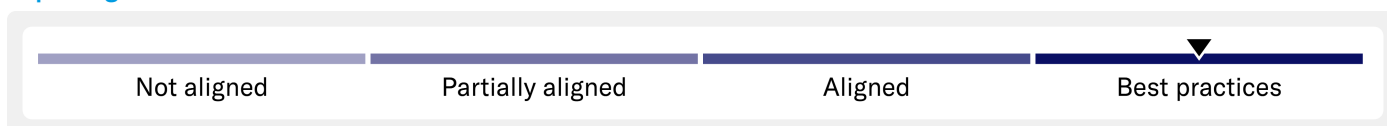


#### Allocation and tracking of proceeds – BEST PRACTICES

Terna's public framework outlines a clear process for allocating and tracking proceeds. The net proceeds are held in the company's treasury portfolio and tracked appropriately, with adjustments made to align with allocations to eligible categories while the bonds are outstanding. Proceeds are expected to be allocated within the five-year Industrial Plan, typical for transmission projects. The allocation and project progress are monitored in terms of capital spending and completion time.

Temporarily unallocated proceeds may be held in cash, tradeable government bonds or other cash investment instruments, with a commitment not to invest in controversial activities.

### Reporting

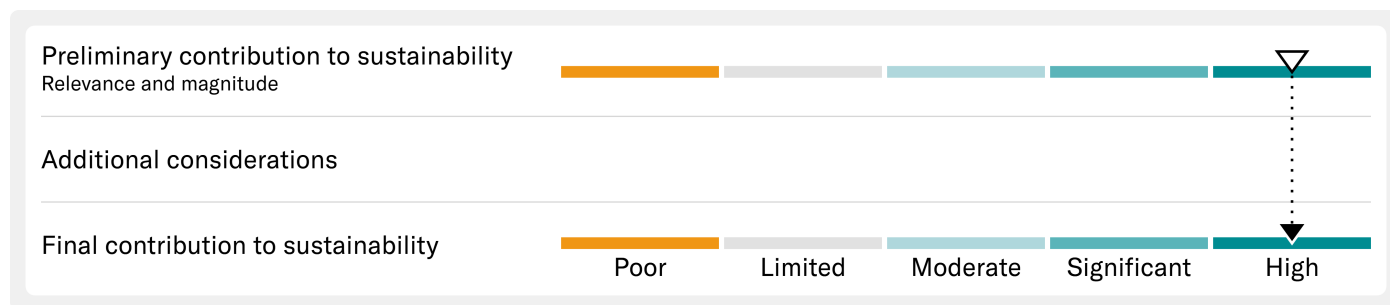


#### Reporting transparency – BEST PRACTICES

Terna will provide annual allocation reports until the proceeds are fully allocated, or in the event of material developments. Annual impact reporting will continue until the bonds reach maturity. The reports will be publicly accessible on the company's website and will provide exhaustive details on the allocation of proceeds. They will also offer clear and relevant information on the expected sustainable benefits of the projects, including the methodologies and assumptions used for reporting environmental impact. Both, the allocation and the impact reports will undergo an annual external review in line with market best practices.

### Contribution to sustainability

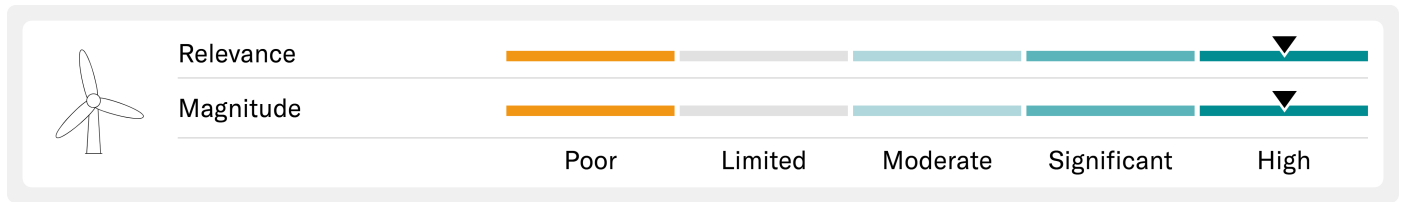
The framework demonstrates a high overall contribution to sustainability. This reflects a preliminary contribution to sustainability score of high, based on the relevance and magnitude of the eligible project categories, and we have not made an adjustment to the preliminary score based on additional contribution to sustainability considerations.



#### Preliminary contribution to sustainability

The preliminary contribution to sustainability is high, based on the relevance and magnitude of the eligible project categories. To assess the consolidated score for contribution to sustainability, we have weighted the categories according to estimates provided by Terna. In particular, the issuer estimates that most of the proceeds will be allocated to projects in the renewable energy category. A detailed assessment by eligible category has been provided below.

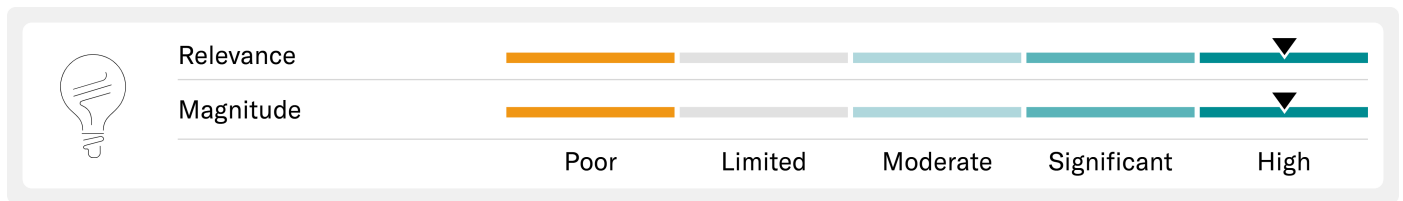
Renewable energy



Eligible projects address climate change mitigation—a highly relevant objective for the issuer and its sector, as financing the energy transition is crucial for tackling decarbonization challenges in Italy and other European economies, like Norway, Switzerland and the UK. Current statistics underscore the need for decarbonization, revealing that two-thirds of the EU's gross available energy came from coal, oil, and gas.<sup>4</sup> In Italy, the energy mix was heavily reliant on fossil fuels, with renewables constituting only one-third of total generation in 2024.<sup>5</sup> Italy and the other concerned countries have set clear targets to increase the proportion of renewable energy in their energy mix, making grid stability vital for achieving these objectives. In addition, the projects align with the objectives specified in Italy's 2024–2028 Industrial Plan update, and the proceeds will also facilitate the implementation of Terna's 2025-2034 Development Plan, which emphasizes enhancing the quality, efficiency, and safety of Italy's progressively sustainable national transmission grid.

The eligible category is expected to have a highly positive long-term impact on climate change mitigation, by constructing grid and integrating the production from renewable energy sources, while enhancing grid stability. No lock-in effects have been identified. The eligibility criteria are in alignment with strict international standards, namely the economic activity '4.9 - Transmission and distribution of electricity' of the EU taxonomy, which represent the best available thresholds in this case. The potential environmental impact of Terna's activities stems from the installation of powerlines and electricity substations interacting with the natural and urban landscape. However, these impacts are mitigated by robust environmental management systems and are subject to a comprehensive “do no significant harm” (DNSH) assessment, ensuring that any externalities are rigorously managed.

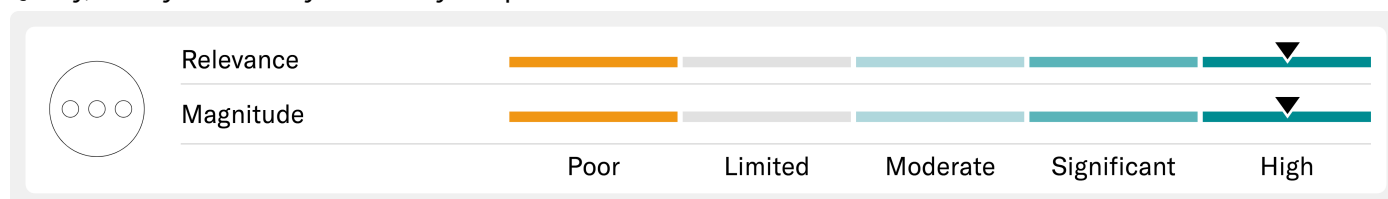
Energy efficiency



Investments in energy efficiency projects address climate change mitigation, which is a highly relevant objective for the sector, the issuer and the local context. The investments are critical due to the central role electricity networks play in Terna's operations and the growing electricity demand in European economies driven by the low-carbon transition and electrification. Grid infrastructure updates — vital for managing peak demand and enhancing transmission efficiency while minimizing full-scale upgrade needs — are crucial for Terna, the largest independent transmission system operator (TSO) in Europe, to maintain a stable, reliable, and resilient grid. Moreover, efficient energy use directly lowers the carbon footprint of the energy system, aiding in achieving national targets.

The magnitude of the eligible category is high due to its primary long-term benefit of reducing grid losses. The development of new overhead lines, underground cables, and substations enhances energy efficiency by narrowing the gap between energy generation and consumption, thereby boosting transmission system efficiency, reducing energy losses, and lowering CO<sub>2</sub> emissions. The eligible projects' criteria meet the EU taxonomy requirements for the economic activity '4.9 - Transmission and distribution of electricity,' aligning with stringent, internationally recognized technical standards. No lock-in effects have been identified. The potential environmental impact of Terna's activities will be adequately managed as outlined in the 'Renewable Energy' category.

## Quality, security and resiliency of electricity transportation infrastructure



Eligible projects address climate change mitigation, an objective of high relevance for the issuer and its sector, particularly given the critical importance of energy security and infrastructure resilience in Europe. Adequate cross-border interconnection among Member States is essential for enabling the unrestricted flow of clean electricity to citizens and businesses across Europe, enhancing supply security and facilitating better integration of renewable energy sources. To reduce Italy's dependence on energy imports and elevate the proportion of renewable energy in its national grid, the country requires a stable, interconnected, and diversified supply network<sup>6</sup>. Although some progress has been made in recent years, Italy remains among the eight Member States that have yet to reach the 2020 interconnection target of 10%<sup>7</sup>. Stabilizing and interweaving grid systems is vital for meeting increasing electricity demand and represents a key material issue for the issuer's business model.

Projects financed under this category are likely to highly contribute to the electric network sector's long-term climate mitigation goals. A long-term positive impact is anticipated through grid enhancements that ensure a secure power supply amidst physical climate risks, alleviate local congestion, and bolster interconnections across expansive and transnational system areas. The technology selected is considered to deliver resilient and robust electricity networks through the installation of interconnectors, overhead lines and underground cables. The eligibility criteria for this category align with the EU taxonomy's standards for the economic activity '4.9 - Transmission and distribution of electricity,' including adherence to DNSH requirements, which is considered the most stringent standard in the market. No lock-in effects have been identified. The potential environmental impact of Terna's activities will be adequately managed as outlined in the 'Renewable Energy' category.

#### Additional contribution to sustainability considerations

We have not made an adjustment to the preliminary contribution to sustainability score based on additional considerations.

Terna has implemented robust ESG risk management practices, adhering to international standards for environmental, health, safety, and governance. The company monitors environmental impacts using ISO 14001 and ISO 50001 systems, complemented by regular third-party audits. Recognizing the diverse contexts in which it operates, Terna mandates that its subsidiaries tailor their codes of ethics and policies to fit their specific operational needs. This approach ensures alignment across the group with high standards for environmental protection, safety, and human and workers' rights.

The projects to be financed under Terna's green bond framework aim to increase the share of renewable energy in the global energy mix as well as to ensure secure, resilient and equitable grid access, including improved cross-border exchange capacity. They align with Terna's sustainability objectives, notably its commitment to the Paris Agreement's 1.5°C target, aiming for a 46.2% reduction in Scope 1 and 2 emissions by 2030 (from 2019 levels) and an 11.1% decrease in Scope 3 emissions by 2030 (from 2021). The long-term goal is climate neutrality by 2050, supporting Italy's national goals through grid modernization and integration of renewables.

## Appendix 1 - Alignment with principles scorecard for Terna's green bond framework

Factor	Sub-factor	Component	Component score	Sub-factor score	Factor score	
Use of proceeds	Clarity of the eligible categories	Nature of expenditure	A	Best practices	<b>Best practices</b>	
		Definition of content, eligibility and exclusion criteria for nearly all categories	A			
		Location	A			
		BP: Definition of content, eligibility and exclusion criteria for all categories	Yes			
	Clarity of the objectives	Relevance of objectives to project categories for nearly all categories	A	Best practices		
		Coherence of project category objectives with standards for nearly all categories	A			
		BP: Objectives are defined, relevant and coherent for all categories	Yes			
	Clarity of expected benefits	Identification and relevance of expected benefits for nearly all categories	A	Best practices		
		Measurability of expected benefits for nearly all categories	A			
		BP: Relevant benefits are identified for all categories	Yes			
		BP: Benefits are measurable for all categories	Yes			
		BP: Disclosure of refinancing prior to issuance and in post-allocation reporting	Yes			
		BP: Commitment to communicate refinancing look-back period prior to issuance	Yes			
	Process for project evaluation and selection	Transparency and clarity of the process for defining and monitoring eligible projects	Clarity of the process	A		Best practices
			Disclosure of the process	A		
Transparency of the environmental and social risk mitigation process			A			
BP: Monitoring of continued project compliance			Yes			
Management of proceeds	Allocation and tracking of proceeds	Tracking of proceeds	A	Best practices		
		Periodic adjustment of proceeds to match allocations	A			
		Disclosure of the intended types of temporary placements of unallocated proceeds	A			
		BP: Disclosure of the proceeds management process	Yes			
		BP: Allocation period	Yes			
Reporting	Reporting transparency	Reporting frequency	A	Best practices		
		Reporting duration	A			
		Report disclosure	A			
		Reporting exhaustivity	A			
		BP: Allocation reporting at least until full allocation of proceeds, and impact reporting until full bond maturity or loan payback	Yes			
		BP: Clarity and relevance of the indicators on the sustainability benefits	Yes			
		BP: Disclosure of reporting methodology and calculation assumptions	Yes			
		BP: Independent external auditor, or other third party, to verify the tracking and allocation of funds	Yes			
BP: Independent impact assessment on environmental and social benefits	Yes					
<b>Overall alignment with principles score:</b>					<b>Best practices</b>	

Legend: BP - Best practice, A - Aligned, PA - Partially aligned, NA - Not aligned

## Appendix 2 - Mapping eligible categories to the United Nations' Sustainable Development Goals

The three eligible categories included in Terna's framework are likely to contribute to three of the United Nations' Sustainable Development Goals (SDGs), namely:

UN SDG 17 Goals	Eligible Category	SDG Targets
GOAL 7: Affordable and Clean Energy	<i>Renewable Energy</i>	7.2: Increase substantially the share of renewable energy in the global energy mix
	<i>Energy Efficiency</i>	7.3: Double the global rate of improvement in energy efficiency
GOAL 9: Industry, Innovation and Infrastructure	<i>Quality, security and resiliency of electricity transportation infrastructure</i>	9.1: Develop sustainable infrastructure to support economic development and human well-being, focusing on equitable access
		9.4: Upgrade infrastructure and retrofit industries to make them sustainable, with all countries taking action
GOAL 13: Climate Action	<i>Renewable Energy</i>	Measures to reduce GHG emissions contribute to climate action under SDG 13.
	<i>Energy Efficiency</i>	
	<i>Quality, security and resiliency of electricity transportation Infrastructure</i>	

The United Nations' Sustainable Development Goals (SDGs) mapping in this SPO considers the eligible project categories and associated sustainability objectives/benefits documented in the issuer's green bond framework, as well as resources and guidelines from public institutions, such as the ICMA SDG Mapping Guidance and the UN SDG targets and indicators.

### Appendix 3 - Summary of eligible categories in Terna's green bond framework

Eligible Categories	Description	Sustainability Objectives	Impact Reporting Metrics
Renewable Energy	<ul style="list-style-type: none"> <li>- Connection of renewable sources generation plants (grid infrastructures devoted to directly connecting grid generation plants from renewable sources to the transmission grid).</li> <li>- Integration of production from renewable sources, while enhancing grid stability (Grid infrastructures that allow a higher inflow of production from renewable sources into the transmission grid, for instance by resolving congestions in a given portion of the grid).</li> </ul>	Climate Change Mitigation	<p>Connection of renewable energy sources production plants (MW)</p> <p>Increase in production from renewable energy source (MWh and/or TCO<sub>2</sub>)</p>
Energy Efficiency	Grid infrastructures that allow higher transmission efficiency (reduction of the difference between energy generation and consumption, other things being equal).	Climate Change Mitigation	<p>Reduction of grid losses (MWh and/or TCO<sub>2</sub>)</p> <p>Reduction of energy not supplied (MWh/years)</p>
Quality, security and resiliency of electricity transportation Infrastructure	<ul style="list-style-type: none"> <li>- Investments included in the National Development Plan, whose objective are the quality and security of the service (they mainly concern interventions to reinforce and mesh the network), to solve operational issues related also to the energy transition through the decommissioning of the thermoelectric plants and the integration of renewable energy sources.</li> <li>- Investments in infrastructural interventions related to the construction of new lines or substation aimed to increase the resilience of the National Transmission Grid in those areas of the Italian territory more exposed to severe climatic events (e.g., strong wind and ice-snow).</li> </ul>	Climate Change Mitigation	Reduction of energy not supplied (MWh/years)

## Appendix 4 - Alignment with the EU taxonomy criteria

We have provided a supplementary opinion on the framework's alignment with the EU taxonomy criteria, as outlined in the scope section of this report.

We consider that the single economic activity across the three eligible categories aligns with the EU taxonomy criteria, as detailed in the tables below.

The issuer has implemented processes to ensure that all selected projects align with the technical screening criteria and minimum safeguards as applicable under the EU taxonomy regulation. The issuer has concluded a detailed screening of the EU taxonomy criteria for the single economic activity and identified where existing national law is likely to cover the requirements and where it needs to be complemented by additional measures.

Moody's Ratings has expressed its view on the relevance of the environmental objective targeted by the economic activity in the "Contribution to sustainability" section.

Exhibit 1

## Substantial contribution criteria - Climate change mitigation (CCM)

Eligible Category	Economic Activity	Alignment	Related issuer information
Renewable Energy	<a href="#">4.9. Transmission and distribution of electricity</a>	Aligned	<p>The three eligible categories are equally covered by the criterion 1a:</p> <p><b>Criterion 1a:</b> Terna is a Transmission System Operator (TSO), operating in the interconnected European system, i.e. the interconnected control areas of Member States, Norway, Switzerland and the United Kingdom, and its subordinated systems.</p> <p>Infrastructure intended to create or enhance a direct connection between a substation or network and a power generation facility emitting over 100g CO<sub>2</sub>e/kWh on a life cycle basis is excluded from the framework.</p> <p>The Directive (EU) 2019/44 regarding installation of metering infrastructure has been incorporated into Italian legislation, meeting EU Taxonomy requirements.</p> <p>The three eligible categories are linked to several activities at the same time:</p> <p><b>Activity 2a:</b> Terna's activities relate to construction and operation of direct connection, or expansion of existing direct connection, of low carbon electricity generation below the threshold of 100g CO<sub>2</sub>e/kWh measured on a life cycle basis to a substation or network.</p> <p><b>Activity 2c:</b> Terna's activities include the installation of transmission and distribution transformers carried out by the Tamini Group and different other suppliers of the same components. The issuer confirms that the transformers installed in its Italian substations meet the requirements specified in the technical screening criteria.</p> <p><b>Activity 2d:</b> Renewable energy investments fall under construction/installation and operation of equipment and infrastructure where the main objective is an increase of the generation or use of renewable electricity generation.</p> <p><b>Activity 2h:</b> Terna's activities include construction and operation of interconnectors between transmission systems, provided that one of the systems is compliant.</p>
Energy Efficiency	<a href="#">4.9. Transmission and distribution of electricity</a>	Aligned	
Quality, security and resiliency of electricity transportation infrastructure	<a href="#">4.9. Transmission and distribution of electricity</a>	Aligned	

Sources: Moody's Ratings and Terna

Exhibit 2

## Do No Significant Harm - Climate change adaptation (CCA)

Eligible Category	Economic Activity	Alignment	Related issuer information
Renewable Energy	<a href="#">4.9. Transmission and distribution of electricity</a>	Aligned	<p>As an asset-intensive company, Terna faces significant acute and chronic physical risks related to its grid infrastructure. The company carries out a climate risk and vulnerability assessment for those projects, which are to take place in meteorological critical areas identified according to the internal resilience methodology. This allows Terna to identify the areas of the national transmission grid at higher risk of outages and load interruptions due to wet snow and strong wind events by using prospective climatological models to determine the probability of severe weather events occurring and to evaluate the vulnerability of each major subcomponent. In view of other extreme meteorological events (e.g. floods, landslides, etc.) affecting the Italian transmission network, the issuer has been constantly engaged in expanding its resilience methodology.</p>
Energy Efficiency	<a href="#">4.9. Transmission and distribution of electricity</a>	Aligned	<p>Regarding the climate risk and vulnerability assessment, the issuer consistently evaluates the impact of severe weather events on the national transmission grid across all projects. The resilience methodology employs a prospective approach to estimate the likelihood and effects of multiple simultaneous overhead line failures due to severe weather. This process identifies substations at high risk of failure and assesses both the probability of failure and the potential impact in terms of expected energy not supplied.</p> <p>The CCA analysis makes reference to best practices for climate projections, assessment impacts and consideration of state-of-the-art sciences. Within Terna's resilience methodology, the climate scenario used as a reference is the IPCC's RCP 8.5. Wind-related climate projections are drawn from 40 simulations using the CESM-LENS climate model, covering the period from 2018 to 2100. For the ice-snow phenomenon, Euro-CORDEX climate models are utilized through 2100, followed by the application of the Makkonen model to estimate the occurrence of wet snow sleeve events.</p>
Quality, security and resiliency of electricity transportation infrastructure	<a href="#">4.9. Transmission and distribution of electricity</a>	Aligned	<p>Adaptation solutions with corresponding implementation measures are applied for both existing and newly built assets. Based on the resilience methodology, Terna is able to identify and plan new projects to strengthen the resilience network or assess the resilience benefit of planned projects. Terna ensures that the adaptation solutions do not adversely affect other adaptation efforts, and are consistent with local, sectoral, regional, and national adaptation strategies. The solutions to wet snow and strong winds are primarily infrastructural interventions or mitigation measures. If the internal resilience methodology is extended to other weather events and nature-based solutions can solve the risk of substation failure, Terna is committed to evaluating this type of solutions.</p>

Sources: Moody's Ratings and Terna

Exhibit 3

**Do No Significant Harm - Sustainable use and protection of water and marine resources (WMR)**

Eligible Category	Economic Activity	Alignment	Related issuer information
Renewable Energy	<a href="#">4.9. Transmission and distribution of electricity</a>	Not Applicable	N/A
Energy Efficiency	<a href="#">4.9. Transmission and distribution of electricity</a>	Not Applicable	
Quality, security and resiliency of electricity transportation infrastructure	<a href="#">4.9. Transmission and distribution of electricity</a>	Not Applicable	

Source: Moody's Ratings and Terna

Exhibit 4

**Do No Significant Harm - Transition to a circular economy (TCE)**

Eligible Category	Economic Activity	Alignment	Related issuer information
Renewable Energy	<a href="#">4.9. Transmission and distribution of electricity</a>	Aligned	Terna's Integrated Management System includes the ISO 14001 certified Environmental Management System with a focus on waste management, and the aim to reuse or recycle materials at the end of their life in accordance with circular economy principles. The Integrated Management System covers all Italian and international activities of Terna S.p.A. and its subsidiaries.
Energy Efficiency	<a href="#">4.9. Transmission and distribution of electricity</a>	Aligned	
Quality, security and resiliency of electricity transportation infrastructure	<a href="#">4.9. Transmission and distribution of electricity</a>	Aligned	Furthermore, Terna has developed a circular economy strategy and an action roadmap extending to 2030. This plan focuses on the procurement and appropriate use of materials, sustainable resource utilization, including secondary raw materials, and effective waste management. The roadmap is designed to align with the current Industrial Plan.

Sources: Moody's Ratings and Terna

Exhibit 5

## Do No Significant Harm - Pollution prevention and control (PPC)

Eligible Category	Economic Activity	Alignment	Related issuer information
Renewable Energy	<a href="#">4.9. Transmission and distribution of electricity</a>	Aligned	Construction activities for overground high voltage lines follow the International Finance Corporation (IFC) General Environmental, Health and Safety Guidelines and applicable regulations to minimize the impact of electromagnetic radiation on human health.
Energy Efficiency	<a href="#">4.9. Transmission and distribution of electricity</a>	Aligned	Terna's Integrated Management System includes the ISO 55001 standard for asset management systems, reflecting its commitment to complying with regulatory requirements on electromagnetic fields. The company adopts a cautious approach in constructing new power lines, and focuses on scientific advancements and innovative technical solutions to mitigate the effects of magnetic fields. To ensure compliance with existing legal limit values, Terna routinely conducts inspections of its systems.
Quality, security and resiliency of electricity transportation infrastructure	<a href="#">4.9. Transmission and distribution of electricity</a>	Aligned	Terna does not utilize polychlorinated biphenyls (PCBs) in its operations. The company's commitment has been further proved by the certification of its Compliance Management System under the ISO 37301 standard. The most recent periodic internal review of environmental data in 2024 confirmed that there were no traces of PCBs in the transformers used or installed by the Group's companies.

Sources: Moody's Ratings and Terna

Exhibit 6

## Do No Significant Harm - Protection and restoration of biodiversity and ecosystems (PBE)

Eligible Category	Economic Activity	Alignment	Related issuer information
Renewable Energy	<a href="#">4.9. Transmission and distribution of electricity</a>	Aligned	Terna carries out Environmental Impact Assessments (EIAs) on individual projects related to transmission and dispatching activities. Where an EIA has been carried out, the required mitigation and compensation measures for protecting the environment are implemented. Terna is dedicated to reducing its impact on biodiversity by adhering to the 'mitigation hierarchy' for potential impacts. Initially, the focus is on avoiding and preventing negative effects on biodiversity. If these efforts are insufficient, the impacts should be reduced or mitigated, and compensatory measures should be implemented for any residual negative effects.
Energy Efficiency	<a href="#">4.9. Transmission and distribution of electricity</a>	Aligned	The company regularly checks the environmental requirements contained in the EIAs and in the statements of the environmental authorities as well as compliance with the law.  For sites or operations situated in or near biodiversity-sensitive areas, such as the Natura 2000 network, UNESCO World Heritage sites, key biodiversity areas, and other protected regions, an appropriate EIA has been conducted when applicable. Based on the EIA's findings, necessary mitigation, compensation, and rehabilitation measures will be implemented. Additionally, the preferred solution is chosen following internal procedures that consider environmental reports, including geological and archaeological surveys, habitat assessments, and International Union for Conservation of Nature (IUCN) species evaluations.  Each project is supervised by a multi-disciplinary team of internal professionals.
Quality, security and resiliency of electricity transportation infrastructure	<a href="#">4.9. Transmission and distribution of electricity</a>	Aligned	

Sources: Moody's Ratings and Terna

Exhibit 7

**Minimum Safeguards**

Assessment at the issuer level

Minimum Safeguards	Alignment	Related issuer information
Human Rights	Aligned	<p>Terna has established a human rights due diligence process in accordance with the steps and procedures outlined in the OECD Guidelines for Multinational Enterprises (MNEs), the United Nations Guiding Principles (UNGPs) on Business and Human Rights, including the principles and rights established by the eight fundamental conventions identified in the International Labor Organization's (ILO's) Declaration on Fundamental Principles and Rights at Work and the International Charter of Human Rights. All commitments are publicly available.</p> <p>Recognizing the cultural, social, and economic diversity across the countries where it operates, Terna mandates each subsidiary to develop its own code of ethics, supplemented with specific behavioral criteria relevant to their operational context.</p> <p>The company ensures oversight of the minimum safeguard issues through comprehensive group policies, guidelines, and organizational and operational tools. Terna has never been implicated in any case brought before an OECD National Contact Point (NCP), nor has it faced any allegations from the Business and Human Rights Resource Centre (BHRRC).</p>
Corruption	Aligned	<p>Terna has implemented anti-corruption processes that take into account various anti-bribery laws and regulations from several relevant jurisdictions. Additionally, Terna holds ISO 37001 certification for its anti-corruption management system. All commitments are detailed in the publicly accessible Terna Group anti-corruption guidelines.</p> <p>According to Terna's Annual Report 2024, there were no convictions, nor fines, for violation of anti-corruption or anti-bribery laws.</p>
Taxation	Aligned	<p>Terna regards tax governance and compliance as crucial aspects of its oversight responsibilities, supported by robust tax risk management strategies and processes. The Terna Group's tax strategy is guided by strict adherence to tax laws in the countries where its subsidiaries operate. Key taxation processes and obligations are continuously monitored according to established procedures.</p> <p>According to Terna's Annual Report 2024, there was no violations on tax laws.</p>
Fair Competition	Aligned	<p>Terna has measures in place to promote employee awareness of the importance of compliance with all applicable competition laws and regulations. The measures are linked to lectures on the ISO 37001 Anticorruption Management System (anticorruption policy, risk analysis, anticorruption due diligence), the Code of Ethics, whistleblowing and the Organizational Model '231', which defines rules of conduct and of internal organization, within a structured and organic system of controls and monitoring activities. All commitments are publicly available.</p> <p>As the designated Transmission System Operator (TSO) in Italy, Terna operates under a government-granted monopoly. Its activities are regulated by Italy's Regulatory Authority for Energy, Networks and the Environment (ARERA) and adhere to guidelines set by the Ministry of Enterprises and Made in Italy.</p>

Sources: Moody's Ratings and Terna

**Endnotes**

- 1 Please refer definitions set out for EU Taxonomy Criteria in the Scope section of this report.
- 2 References to EU taxonomy criteria are to the technical screening criteria (TSC) set out in the EU Commission Delegated Regulations (EU) 2021/2139 and (EU) 2023/2486 and the minimum safeguards (MS) set out in Regulation (EU) 2020/852 (as amended periodically).
- 3 Point-in-time assessment is applicable only on date of assignment or update.

<sup>4</sup> Eurostat, [Energy statistics - an overview](#), May 2025.

<sup>5</sup> Italy Energy Statistics, [International Energy Agency](#), retrieved in January 2026.

<sup>6</sup> Ifri Center for Energy & Climate, [Italy's Energy and Climate Policies in the Post COVID-19 Recovery](#), February 2021.

<sup>7</sup> European Commission, [State of the Energy Union Report 2025](#), November 2025.

Moody's assigns SPOs in alignment with the main tenets of the ICMA Guidelines for Green, Social, Sustainability and Sustainability-Linked Bonds External Reviews and the LSTA/LMA/APLMA Guidance for Green, Social and Sustainability-Linked Loans External Reviews, as applicable; Moody's practices may however diverge in some respects from the practices recommended in those documents. Moody's approach to assigning SPOs is described in its Assessment Framework, and is subject to the ethical and professional principles set forth in the Moody's Investors Service Code of Professional Conduct.

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