



SHREHOLDER'S MEETING MARCH 31 2021

BOARD OF DIRECTORS REPORT ON THE  
APPOINTMENT OF THE BOARD OF STATUTORY  
AUDITORS

- Appointment of the Board of Statutory Auditors - appointment of the standing and alternate auditors
  - Appointment of the Board of Statutory Auditors - appointment of the Chairman of the Board of Statutory Auditors
  - Appointment of the Board of Statutory Auditors - determination of fees
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Dear Shareholders,

the term of office of the Board of Statutory Auditors appointed by the Shareholders' Meeting of 24 April 2018 expires with approval of the financial statements for the year ending 31 December 2020.

In order to renew the control body, the Shareholders' Meeting is called on:

- to appoint five Standing Auditors and four Alternate Auditors,
- to appoint one of the Standing Auditors elected from minority slates as Chairman of the Board of Statutory Auditors and
- to determine the Statutory Auditors' annual remuneration.

The above proposals are devolved to the Shareholders, since the Board of Directors shall only call the meeting and provide the following elements of information and recommendations. You are reminded that duration of the Auditors' mandate is established by law as three financial years, and thus until the Shareholders' Meeting called to approve the financial statements at 31 December 2023.

#### Appointment of the Standing and Alternate Auditors

The Company Bylaws prescribe that five Standing Auditors (two of whom of the less represented gender) and four Alternative Auditors (two of each gender) be appointed. At least two Standing Auditors and one Alternate Auditor must be chosen from among those registered in the register of chartered accountants who have acted as external auditors for a period of no less than three years. The remaining (Standing and Alternate) Auditors must have accrued at least three years' experience of:

- administration and control activity, or have held executive roles in limited liability companies with share capital of no less than two million euros, or
- professional activity or permanent university teaching of legal, economic, financial or technical-scientific subjects closely connected to the activity of the enterprise, or, further,
- senior management roles in public or government bodies operating in the banking, finance or insurance sectors or sectors otherwise closely connected to the sector in which the enterprise conducts its activity.

According to the Company Bylaws, the following sectors of activity and subjects are considered to be closely linked to that of the Company: activities and subjects related to telecommunications, information technology, telematics, electronics and multimedia technology, as well as matters related to private and administrative law, economics and business administration. Still on the subject of requirements, the applicable legislative framework should be considered as supplemented, with reference to independence, by the criteria laid down in the Corporate Governance Code of companies with shares listed on the Electronic Share Market managed by Borsa Italiana, to which TIM adheres. Finally, in light of the company's business, it is advisable for the members of the control body to individually possess the requisites to sign contracts with government bodies and to undertake activities subject to authorisation.

Renewal takes place on the basis of slates divided into two sections respectively for Standing Auditors and for Alternate Auditors. The first candidate in each section is selected from among chartered accountants entered in the appropriate register who have worked on external audits for at least three years. In each section, if there are three or more candidates, the presence of both genders must be ensured, in such a way that candidates of the less represented gender are at least one third of the total, rounding any fractions up to the next whole number.

Slates may be submitted by 06 March 2021 by shareholders who, alone or jointly with others, hold a total number of shares that represents at least 0.5% of the capital with voting rights in the Ordinary Shareholders' Meeting. If only one (or no) slate has been validly submitted by 6 March, or the only slates submitted are from shareholders with an affiliate relationship, the submission deadline shall be extended to 9 March 2021 and the entitlement threshold halved to 0.25%. In any event, the Company must obtain the communications of entitlement to vote from the intermediaries by 10 March 2021.

Each shareholder may only submit a single slate, alone or jointly with others, providing information on its identity and the percentage of the total shareholding it holds, and shall also declare any connecting relationships, including indirect relationships, with the relative majority shareholder. Together with the slate, for each candidate an acceptance of the candidacy and a statement that they possess the requirements (including compliance with the limit on the number of offices held, as per the Consob regulation) and a curriculum vitae must be filed.

In the shareholders' meeting,

- three Standing Auditors and two Alternate Auditors will be appointed from the slate that obtains the most votes (the “majority slate”), in the order in which they are listed on the slate;
- two Standing Auditors and Two Alternate Auditors will be appointed from the remaining slates (the “minority slates”), after the assignment of a quotient obtained by dividing the number of votes for the slate by one and by two to the candidates, in the order they are listed in their slate, and selecting the candidates with the highest quotients, for the Standing Auditor and the Alternative Auditor roles, separately.

If this method does not produce gender balance, the last candidates elected from the majority slate of the more represented gender shall be replaced by the top unelected candidates of the less represented gender on the same slate. In the absence of candidates of the less represented gender on the majority slate, the Shareholders' Meeting shall supplement the Board of Statutory Auditors by a vote decided by absolute majority of the share capital represented at the meeting, thus ensuring that the requirement is met. To this end, and each time it is necessary to resolve with the legal majorities to complete the composition of the board of statutory auditors, the proposal to appoint the unelected candidates included in the properly submitted slates will be put to the vote, starting with the slate that obtains the most votes, following the order in which they are listed, in the number necessary to complete the composition of the board in compliance with the gender balance requirements.

#### Appointment of the Chairman of the Board of Statutory Auditors

The slate voting mechanism is intended, by law, to ensure that some Auditors are elected by the “*minority shareholders not directly or indirectly associated with shareholders who submitted or voted for the slate that came first in terms of number of votes*” (in accordance with article 148 of Legislative Decree No. 58/1998). The law also prescribes that the Chairman of the Board of Statutory Auditors is to be appointed by the Shareholders' Meeting from amongst the Standing Auditors “elected by the minority”, and the Company Bylaws interprets this to refer to the Standing Auditors appointed from the minority slates.

To this end, shareholders are invited to indicate expressly their candidate for the office of Chairman of the board should the slate prove to be a “minority slate”.

The Shareholders' Meeting shall resolve on this matter by an absolute majority of share capital represented at the meeting. If there is more than one useful proposal, the proposal made by shareholders who submitted the minority slate that received the most votes will be voted on first. It is understood that, once a proposal has been approved, there shall be no more voting on any alternative proposals.

#### Determination of the remuneration

The annual remuneration of the Statutory Auditors is determined by the Shareholders' Meeting for the full duration of their term of office, with the absolute majority of share capital represented at the meeting. If there is more than one useful proposal, the one made by shareholders who hold the most shares will be voted on first. It is understood that, once a proposal has been approved, there shall be no more voting on any alternative proposals.

Together with the slate, shareholders are invited to submit a remuneration proposal, which by practice sets apart the remuneration of the Chairman from the remuneration of the remaining Standing Auditors. In this regard, attention is drawn to the fact that – as per the organisational model adopted by TIM pursuant to Legislative Decree 231/2001 effective as of 1 April 2020 – a Standing Auditor will be called on to serve on the Supervisory Body of the Company. When formulating the remuneration proposal, it is therefore recommended to set, in addition to the “basic” remuneration to be paid to the Chairman of the board and all other Standing Auditors, an additional fee for the Standing Auditor chosen to perform this role.

For information purposes only, note that the remuneration of the outgoing Board of Statutory Auditors was established by the Shareholders' Meeting of 24 April 2018 (in keeping with the previous mandate) at 95,000 euros gross per year for each Standing Auditor and 135,000 euros gross per year for the Chairman of the Board of Statutory Auditors. At the time, the participation of a Statutory Auditor in a separate Supervisory Body was not provided for, in that the relative duties were performed directly by the Board of Statutory Auditors.

In view of all this, the Board of Directors of TIM S.p.A., in view of the Shareholders' Meeting to renew the Board of Statutory Auditors,

- recommends that shareholders:
  - exercise their rights to submit slates of candidates for the office of Statutory Auditors of the Company in a timely fashion, as per the law and the Company Bylaws;
  - submit, with the slates, additional proposals regarding the person to act as Chairman, and regarding the remuneration of the Board of Statutory Auditors members.

Candidates should also provide a photograph and a copy of a personal identification document, and authorise publication of their curriculum vitae on the Company website, ensuring that details they do not wish to be disseminated are not included;

- invites shareholders to make their choice from the slates submitted in compliance with the provisions of the Bylaws and to vote on the additional proposals published.