



SHAREHOLDERS' MEETING OF 07 APRIL 2022

REPORTS AND PROPOSALS OF THE BOARD OF
DIRECTORS

TIM S.p.A.
Registered Office in Milan at Via Gaetano Negri, 1
General Administration and Secondary Office in Rome at Corso d'Italia no. 41
PEC (Certified Electronic Mail) box:telecomitalia@pec.telecomitalia.it
Share capital 11,677,002,855.10 euros fully paid up
Tax Code/VAT Registration Number and Milano-Monza Brianza-Lodi Business Register Number 00488410010

Financial statements as at 31 December 2021 – Approval of the financial statements documentation – Coverage of the operating loss

Dear Shareholders,

The 2021 draft financial statements submitted for the approval of the Shareholders' Meeting show a net loss of 8,314,007,998 euros. The reasons for this result are described in the report on operations, to which reference should be made.

Upon approval of the financial statements, the proposal is for the loss for the year to be covered by full use of retained earnings (amounting to 7,357,247,766 euros) and withdrawals from reserves for the amount of 956,760,232 euros, as described below.

In view of the above, the Board of Directors submits for your approval the following

The Shareholders' Meeting of TIM S.p.A.,

- having examined the annual financial report of TIM S.p.A.;
 - having taken note of the reports by the Board of Statutory Auditors and the independent auditors EY S.p.A.;
- resolved
- to approve the 2021 financial statements of TIM S.p.A.
 - to cover the loss for the year of TIM S.p.A. (equal to 8,314,007,998 euros)
 - a) for 7,357,247,766 euros by withdrawal from retained earnings
 - b) for 956,760,232 euros through use of the Merger Surplus Reserve.

Report on the remuneration policy and compensation paid

- Approval of the first section (remuneration policy)
 - Non-binding vote on the second section (2021 final balance)
-

Dear Shareholders,

the report on the remuneration policy for financial year 2022 and the remuneration paid in financial year 2021 was prepared on the basis of the applicable regulatory framework.

This document is divided into two sections:

- the first illustrates the Company's policy on the remuneration of Directors, Statutory Auditors and Key Managers with Strategic Responsibilities, and is subject to a binding resolution of the Shareholders' Meeting, with the possibility of derogation in the event of exceptional circumstances, within the limits and under the procedural conditions specified in the same document;
- the second presents the items that make up the remuneration of the persons mentioned above, with an analytical illustration of the 2021 remuneration; indicates how the Company considered the Shareholders' vote of 31 March 2021 and is subject to a non-binding resolution of the Shareholders' Meeting in favour or against.

All that said, you are called upon to express your views separately on the first and second sections of the report, as described above. For this purpose, the Board of Directors submits the following proposals for your approval

Proposal 1: approval of the first section of the report on the remuneration policy and compensation paid

The Shareholders' Meeting of TIM S.p.A., having regard to applicable regulations,
resolved

the approval of the first section of the report on the remuneration policy and compensation paid by the Company.

Proposal 2: non-binding vote on the second section of the report on the remuneration policy and compensation paid

The Shareholders' Meeting of TIM S.p.A., having regard to applicable regulations,
resolved

in favour of the second section of the report on the remuneration policy and compensation paid by the Company.

Determinations following the termination of office of a Director - Appointment of a Director

Dear Shareholders,

Following the resignation of Luigi Gubitosi on 17 December 2021, the Board of Directors, at its meeting on 21 January 2022, co-opted Pietro Labriola, who will remain in office as a Director until the next Shareholders' Meeting.

Since the slate voting mechanism does not apply to this case, as the Bylaws only require it for the renewal of the entire board, we propose that you appoint the aforementioned Pietro Labriola (whose curriculum vitae is available on the Company's website) as a Director of TIM for the remaining duration of the term of office of the serving Board of Directors and therefore until approval of the financial statements for the year ending on 31 December 2023.

In view of the above, the Board of Directors submits for your approval the following

The Shareholders' Meeting of TIM S.p.A.,

- given that Luigi Gubitosi's has ceased to hold office as a Director (and the removal from office of Pietro Labriola, who had already been co-opted by the Board of Directors to replace Luigi Gubitosi);
- considering that the term of office of the current Board of Directors will expire with approval of the financial statements as at 31 December 2023 (as per the Shareholders' Meeting resolution of 31 March 2021),

resolved

to appoint Pietro Labriola as Director of the Company expiring together with the Directors in office and therefore until the approval of the financial statements at 31 December 2023.

2022-2024 Stock Options Plan - Granting of options to employees, related and consequent resolutions

Dear Shareholders,

Pursuant to art. 114-bis of Legislative Decree 58 of 24 February 1998 (the "CLF"), the Board of Directors submits for your approval a new remuneration tool for management, introduced into the company remuneration policy as illustrated in the first section of the corresponding report, which is also submitted to the Shareholders' Meeting for review.

The 2022-24 stock options plan (the "Plan") is for a part of the Group's management (including the CEO and key managers of TIM), as identified, at its discretion, by the Board of Directors of TIM S.p.A. (the "Company") in due course. The aim of the initiative is to focus management, with organisational positions that are decisive for the company's business or in any case deemed worthy of incentive and retention on the basis of management considerations, on increasing the value of the share by assigning options (the "Options") to subscribe to or purchase TIM ordinary shares at a price of 0.424 euros per share (the "Strike Price").

While you are invited to refer for further details to the information document drawn up according to the chart of Issuer Regulations (adopted by Consob with resolution no. 11971 of 14 May 1999 and as subsequently amended), the essential terms and conditions of the Plan are summarized below, whose regulations will be defined by the Board of Directors, upon the proposal of the Nomination and Remuneration Committee, in compliance with the terms described in the information document (the "Plan Regulations").

The Plan will concern a maximum of 257,763,000 Options, free of charge and non-transferable, which will grant beneficiaries, at the end of the vesting period, the right to subscribe or purchase an equal number of ordinary TIM shares at the Strike Price of 0.424 euros, an amount corresponding to the weighted average of the official listing price of the Company's ordinary and savings shares on the electronic stock market organised and managed by Borsa Italiana S.p.A. in the quarter December 2021-February 2022. The number of exercisable Options will depend on achievement of the performance parameters, identified in (i) the cumulative reported EBITDA-CAPEX indicator over the period 2022-2024 (weight: 70%); (ii) in the percentage of women in positions of responsibility at the end of 2024 (weight: 15%); (iii) in the ratio between renewable electricity and electricity consumed in the 2024 financial year (weight: 15%), resulting from the targets included in the TIM 2022-2024 business plan. If the minimum threshold of each indicator should not be reached, the Options linked to it will lapse; where this threshold is exceeded, the number of exercisable Options will vary according to the level of performance, up to a maximum of 110% of the Options corresponding to the target.

The Board of Directors will allocate 24,000,000 Options (target allocation) to the CEO and will include, at its discretion, the remaining beneficiaries in three different incentive tiers, related to the contribution and impact of the role held on the company's strategic objectives. Each tier corresponds to a different number of Target Options:

- 6,250,000 Options for first-tier beneficiaries;
- 3,125,000 Options for second-tier beneficiaries;
- 520,000 Options for third-tier beneficiaries,

subject to *ratione temporis* reportioning in the event of assignment after 31 August 2022 and subject to an absolute benefit limit (in terms of potential capital gain), with a possible reduction in the number of Options, defined when ascertaining the performance level achieved.

The Options may be exercised for two years from the date on which their maturity is ascertained (by the Board of Directors when the 2024 financial statements are approved), without prejudice to the suspension periods established in Plan Regulations; at the end of the exercise period, unused subscription/purchase rights shall lapse without

compensation. The Options shall also lapse without any compensation upon termination of the grantee's employment with TIM, its subsidiaries and/or Successor Companies (meaning any company which is the beneficiary of a demerger of TIM or the transferee of a TIM business unit and its subsidiaries) during the vesting period (i.e. until 31 December 2024). Exceptions are cases of premature death of the beneficiary (with the Options exercisable by the heirs) or interruption of the relationship due to (i) retirement; (ii) termination by mutual consent; (iii) total and permanent disability, provided that the interrupting event occurs after 1 January of the year following the assignment. In these cases, the Options will mature (without acceleration of vesting) in a number reduced in proportion to the period elapsed since the allocation date.

In the event of extraordinary transactions involving the Company, as well as extraordinary situations not envisaged in the Plan Regulations, the Board of Directors shall have the power to make the amendments and additions to the Plan it deems necessary and/or appropriate to keep the essential contents of the Plan (in substantial and economic terms) as unchanged as possible, in compliance with the objectives and purposes pursued by the Plan.

The Plan does not benefit from the support of the special Fund to provide incentives for the employees' shareholdings in the enterprises.

Following the exercising of the vested Options, upon payment of the Strike Price (for which no funding or other advantages are envisaged by the Company) beneficiaries will receive ordinary TIM shares with regular dividend entitlement, free of any restrictions on availability. To service the Plan, a maximum of 257,763,000 newly issued ordinary shares will be issued, for a maximum dilutive effect of 1.19% with respect to total capital and 1.65% with respect to solely the ordinary shares as at 31 December 2021. Where judged appropriate by the Board of Directors, the Options may be fulfilled through the use of treasury shares in the Company's portfolio. The Board of Directors therefore also asks the Shareholders' Meeting for authorisation to make the aforementioned treasury shares available.

The Board of Directors invites you to refer to the information document for an analytical explanation of the initiative, and submits for your approval the following proposal

The Shareholders' Meeting of TIM S.p.A.,

- having examined the explanatory report of the Board of Directors,
- having examined the information document made available to the public in accordance with the applicable regulations,

resolved

- to approve the 2022-2024 Stock Options Plan, under the general terms described above and detailed in the information document published in accordance with the applicable regulations;
- to grant the Board of Directors all the powers necessary or appropriate (i) to define Plan regulations and any other documentation accompanying the same, (ii) to implement the Plan itself, proceeding with any activity needed to comply with the regulations in force at the time, (iii) to make any amendments and/or additions needed to the Plan, its regulations and any other documentation, with authorisation to carry out acts to dispose of the ordinary treasury shares held from time to time in the Company portfolio.

2022-2024 Stock Option Plan - Issue of shares to service the initiative, amendment to Article 5 of the Company Bylaws, related and consequent resolutions

Dear Shareholders,

the 2022-2024 Stock Options Plan (the "Plan") was submitted to the Shareholders' Meeting in the ordinary session; for its characteristics, please refer to the information document.

To service the Plan, it is proposed to issue a maximum number of 257,763,000 new ordinary shares without nominal value, regular entitlement, with the exclusion of option rights pursuant to Article 2441, paragraph 8, of the Italian Civil Code, to be reserved for employees of the Company or of companies controlled by it, who are beneficiaries of the Plan.

The issue of the new shares, which will take place during the exercise period (as defined in the information document) in relation to the number of options actually exercised by the individual beneficiaries, may involve a capital increase for a maximum amount of 109,291,512 euros.

In the event of the issue of new shares in the maximum number stated above, the dilution effect on TIM's share capital as at 31 December 2021 would be 1.19% and 1.65% with respect to the ordinary share component only.

It should be noted that a shareholder who does not participate in the approval of the share issue resolution does not have the right of withdrawal. This resolution entails the introduction of a specific paragraph in Article 5 of the Bylaws, following the current text, which remains unchanged.

In view of the above, the Board of Directors submits for your approval the following

The Shareholders' Meeting of TIM S.p.A.,

- given the approval of the 2022-2024 Stock Options Plan;
 - having examined the Board of Directors' explanatory report and the information document relating to the 2022-2024 Stock Options Plan;
 - given the statement by the Board of Statutory Auditors that the current share capital has been fully paid in;
- resolved
1. to issue a maximum of 257,763,000 ordinary shares without nominal value by the deadline of 30 June 2025, in several tranches with the same characteristics as the ordinary shares in circulation at the time, regular dividend rights, with the exclusion of option rights pursuant to Article 2441, subsection 8, of the Italian Civil Code, at the subscription price of 0.424 euros per share - fully allocated to share capital and thus to approve the capital increase, in tranches, for a maximum amount of 109,291,512 euros - to be reserved for Company employees or those of its subsidiaries who are beneficiaries of the 2022-2024 Stock Options Plan, under the terms, conditions and procedures set forth in its regulations;
 2. to grant the Board of Directors all the powers necessary or appropriate to execute the individual tranches of the share issue referred to in the preceding point and therefore, up to a maximum amount of 109,291,512 euros, subject to the terms, conditions and procedures laid down in the regulations;
 3. to amend Article 5 of the Bylaws by introducing the following paragraph to follow the current text:
"Once the 2022-2024 Stock Options Plan had been approved and in service thereof, the Shareholders' Meeting of 7 April 2022 resolved to issue a maximum of 257,763,000 new ordinary shares without nominal value in one or more tranches, by the deadline of 30 June 2025; at a unit price of 0.424 euros per share, fully allocated to share capital (and so by means of a capital increase, in tranches, for a maximum amount of 109,291,512 euros), with the same

characteristics as the ordinary shares in circulation at the time, regular dividend rights, with the exclusion of option rights pursuant to Article 2441, subsection 8, of the Italian Civil Code, to be reserved for the beneficiaries of the 2022-2024 Stock Options Plan, in accordance with the terms, conditions and procedures provided for in its regulations";

4. to confer on the Board of Directors – and on behalf thereof on the pro tempore legal representatives of the Company, jointly or severally – all the powers necessary to:
 - a. to make the changes on a case by case basis to article 5 of the company Bylaws that are consequent on the execution and completion of the share issue as approved above, and to that end to fulfil all the obligations and publish all information required by the regulations;
 - b. to complete all the necessary formalities for the adopted resolutions to be entered in the Business Register, accepting and introducing into said resolutions the amendments, additions or deletions of a non-substantial nature that might be requested by the competent authorities, as well as all the powers necessary for legal and regulatory compliance deriving from the resolutions adopted.

Use of reserves to cover the loss for the year - permanent reduction excluding the obligation of subsequent reinstatement

Dear Shareholders,

the Ordinary Shareholders' Meeting was asked to cover the loss for year 2021 by using retained earnings and the merger surplus reserve for a total of 8,314,007,998 euros, equity items already subject to a tax suspension restriction, as a result of the tax realignment of the goodwill value pursuant to Article 110, subsection 8 of Decree-Law No. 104/2020, recognised in the financial statements as at 31 December 2020.

For all intents and purposes, the proposal is that the reduction to the reserves by withdrawal of the above mentioned amount should be regarded as final, excluding any obligation for subsequent replenishment from future profits. On this point, the Shareholders are called on to resolve in an extraordinary session, pursuant to Article 13, subsection 2 of Law No. 342 of 21 November 2000, to the extent applicable.

In view of the above, the Board of Directors submits for your approval the following

The Extraordinary Shareholders' Meeting of TIM S.p.A.,

- having regard to the resolution to cover the loss for financial year 2021 through the use of retained earnings and other tax-suspension reserves for a total of 8,314,007,998 euros;

resolved

the permanent reduction of the corresponding equity items, excluding their subsequent reconstitution.