

2022

Report on the remuneration policy and compensation paid

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Tax Code/VAT Registration Number and
Milan Monza-Brianza Lodi Business Register Number 00488410010

2022

Report on the remuneration policy and compensation paid

pursuant to art. 123-ter CLF
(Report approved by the Board of Directors at its meeting of 02 March 2022,
available on the website: www.gruppotim.it).

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LETTER FROM THE CHAIR OF THE NOMINATION AND REMUNERATION COMMITTEE



Paola Bonomo
Chair of the Nomination and
Remuneration Committee

Dear Shareholders,

as Chair of the Nomination and Remuneration Committee of TIM, I am pleased to present to you the Report on remuneration policy for the year 2022 and on the remuneration paid in 2021 with reference to Directors, Statutory Auditors and Executives with Strategic Responsibilities.

The year 2021 was marked by the renewal of the Company's Board of Directors. The Nomination and Remuneration Committee set up within the new Board favourably noted the high level of satisfaction expressed by shareholders in 2021, which was also the result of continuous dialogue with the stakeholder community. Confirming its past commitment, the new Committee has worked to provide TIM with remuneration tools and structures that are consistent with market benchmarks, suitable for making the Company competitive on the labour market and functional to the pursuit of corporate objectives, in line with investors' expectations for the future. Ordinary activities were supplemented by the extraordinary management of the exit of the former Chief Executive Officer, Luigi Gubitosi; the appointment of Pietro Labriola as General Manager with delegated powers (26 November 2021); and the succession process, which led on 21 January 2022 to the appointment of Pietro Labriola as the Company's new Chief Executive Officer.

The Remuneration Policy proposed for 2022 intends to combine several objectives: ensuring management's commitment in an objectively challenging situation with possible discontinuity; supporting both the achievement of performance objectives and the implementation of the medium-term guidelines contained in the Strategic Plan, including in cases that can contemplate a reconfiguration of the business scopes; maintaining the incentive mechanisms focused on the creation of shareholder value in the various possible scenarios.

The structure defined for the short-term incentive system aims to combine, with an articulated framework of objectives, the correct focus on Group performance with attention to the business areas covered by the main subsidiaries and line functions; the Company's commitment to sustainability issues is also confirmed.

With regard to the long-term incentive system, it is proposed to the Shareholders' Meeting, taking into account any scenario changes, to go beyond the 2020-22 Long-Term Incentive Plan and to replace the third cycle of this plan - which under ordinary conditions would simply have been implemented - with an instrument with a single 2022-24 cycle that allows management to participate in the creation of shareholder value.

In thanking my colleagues on the Committee, I submit this Report for your consideration, confirming my willingness to strengthen the dialogue on issues relating to the remuneration policy and its implementation, in order to ensure sustainable value creation for all stakeholders over time. Thank you in advance for your endorsement and support of the 2022 Remuneration Policy.

Paola Bonomo
Chair of the Nomination and Remuneration Committee

Introduction

This Report, approved by the Board of Directors at the proposal of the Committee, sets out:

- in the first section, the Policy adopted for 2022 by TIM Italia S.p.A. for the remuneration of Directors, Statutory Auditors and Key Managers with Strategic Responsibilities, and the procedures used for the adoption and implementation of this policy;
- in the second section, the implementation of remuneration policies and remuneration paid in 2021.

The Policy described in the first section refers to an annual period and has been prepared in line with the remuneration recommendations of the Corporate Governance Code approved by the Corporate Governance Committee of Borsa Italiana.

The two sections are introduced by an Executive Summary which briefly outlines the pillars of the 2022 Remuneration Policy, the alignment of the Remuneration Policy with the corporate strategy and, finally, the trend of the shareholders' meeting voting results on Section I of the Remuneration Report.

This Report is made available to the public so that the Shareholders' Meeting, called to approve the financial statements for FY 2021, may express its opinion on the first and second section, in accordance with the provisions of current legislation.

Executive Summary

A summary of the 2022 Remuneration Policy is set out below.

TIM's Remuneration Policy supports the achievement of the objectives set out in the Strategic Plan by ensuring the necessary levels of company competitiveness on the labour market, promoting the alignment of management interests with the objective of creating value for shareholders in the long term.

The remuneration structure provides for the balancing of the monetary component of remuneration (fixed and variable remuneration) and the enhancement of the non-monetary component (benefits and welfare), with a view to pursuing sustainable results in the long term.

What we do

- Salary Review rolling during the year in order to progressively align fixed remuneration with market practices as a means of attracting and retaining high-ability managerial resources, while ensuring economically sustainable company management
- Variable incentive plans with predetermined and measurable financial and non-financial objectives, consistent with the Strategic Plan
- Long-term incentive vesting periods of no less than 3 years
- Clawback clauses in case of error, wilful misconduct or gross negligence

What we don't do

- Salary levels above market benchmarks
- Variable remuneration for non-executive directors
- Benefits of excessive value

The TIM remuneration policy is essentially divided into the following components:

- fixed Remuneration
- Short term Variable Remuneration
- Long term Variable Remuneration
- Benefits and Welfare

the key elements of which are summarised below.

Remuneration Element	Aims and features	Description	Economic Value
Fixed Remuneration	Appreciate the breadth and strategic nature of the role held, attract and retain resources of high managerial ability, anchoring value to the reference market.	<p>For 2022, the intention is confirmed of progressively aligning individual positions (commensurate with the responsibilities assigned, the role covered and the managerial ability) with market references, determined on the basis of periodic benchmarks, carried out with Peer Groups differentiated according to the role covered:</p> <ul style="list-style-type: none"> • for the CEO, with a TLC Industry Peer Group and a FTSE MIB Peer Group • for the Chairman, the Board of Directors, the Board Committees and the Board of Statutory Auditors, with a FTSE MIB Peer Group that, in addition to that used for the CEO, also includes some financial companies. <p>For Executives with Strategic Responsibilities, reference is made to the Korn Ferry remuneration surveys.</p>	<p>Chairman: €600,000 gross per year.</p> <p>CEO / General Manager: €1,400,000 gross per year.</p> <p>Key Managers with Strategic Responsibilities (KMSRs): commensurate with the role performed, with reference to the market median.</p>
Short Term Variable Remuneration (MBO)	<p>To support the achievement of annual company results, through the articulation of challenging and cross-cutting objectives across the entire organisation, ensuring sustainability in the medium to long term.</p> <p>The target value of the bonuses is commensurate with the fixed component, according to proportions that vary according to the role covered.</p>	<p>Performance GATE: TIM GROUP EBITDA, with a minimum level differentiated between CEO, Direct Reports to the CEO and the rest of the management concerned</p> <p>CEO/Director General objectives</p> <ul style="list-style-type: none"> • TIM Group EBITDA • TIM Group Service Revenues • TIM Group Equity Free Cash Flow • TIM Group Net Financial Position • ESG Objectives (Customer Satisfaction Index, Young Employee engagement, Gender Pay Gap Middle Managers) <p>KMSR Objectives:</p> <ul style="list-style-type: none"> • In addition to the economic and financial objectives, there are specific objectives for each department, with different weighting according to the role held, as well as the ESG objective (Customer Satisfaction Index, Young Employee engagement, Gender Pay Gap Middle Managers) 	<p>Chairman: not specified.</p> <p>CEO / General Manager: gross value at target equal to 100% of Fixed Remuneration.</p> <p>KMSRs: gross value at target equal to 50% of Fixed Remuneration and commensurate with the role held.</p> <p>Pay-out levels:</p> <ul style="list-style-type: none"> • Minimum: 50% of target • Target: 100% of target • Maximum: 150% of target <p>Compliance: reduction factor up to a maximum of -10% of the overall pay-out, linked to the failure to implement corrective actions/remediation plans defined with the Control Functions. This factor is not applied to the CEO.</p>

Remuneration Element	Aims and features	Description	Economic Value
Long term variable remuneration	The long-term variable component of the remuneration is aimed at achieving alignment between the management's interests and those of shareholders, through participation in the business risk.	<p>2022-2024 Stock Option Plan, with a three-year vesting and two-year exercise period (2025-2026).</p> <p>Strike price: average share price in the quarter December 2021-February 2022</p> <p>Performance Conditions:</p> <ul style="list-style-type: none"> • Cumulative (reported) EBITDA-CAPEX economic and financial indicator, weighted 70% • ESG indicators, with a total weight of 30%: <ul style="list-style-type: none"> - % women in positions of responsibility (15%) - % consumption of renewable energies (15%) <p>Vesting Period: 01/1/2022-31/12/2024</p> <p>Exercise period: from approval of the 2024 budget up to the following two years</p>	<p>Chairman: not provided for</p> <p>Chief Executive Officer: options assigned at target 24,000,000</p> <p>KMSRs: options allocated at target up to a maximum of 6,250,000</p>
Severance and Non-Competition	It regulates the indemnity to be paid in the event of early termination of the directorship or termination of employment, in the absence of just cause for dismissal.	The severance clause may be accompanied by a non-competition clause, depending on the importance and strategic nature of the role held, for a maximum period of one year calculated on the fixed remuneration.	<p>Chairman: not provided for</p> <p>Executive Directors: not exceeding 24 months' remuneration.</p> <p>KMSRs: treatments envisaged by the law and the national collective employment agreement.</p>
Clawback	Contractual mechanism allowing for the recovery of variable remuneration in the event of wilful or grossly negligent conduct or in the event of an error in the formulation of the figure which has led to a restatement of the financial statements. It can be activated within 3 years of disbursements.		It applies to all managers beneficiaries of variable incentives.
Benefits and Welfare	Services offered to all (welfare) or in relation to the role covered (benefits) that increase the well-being of the individual and his or her family in economic and social terms.	Benefits are defined along the lines of last year's policy, while welfare services have been expanded to assist employees in facing up to the COVID-19 pandemic.	<p>Chairman: not provided for</p> <p>Chief Executive Officer/General Manager and KMSRs: beneficiaries, in the same way as the rest of management</p>

Directors (with the exception of the CEO) and Statutory Auditors receive only fixed remuneration for their office, in addition to the reimbursement of expenses incurred in the performance of their duties. The Company is also covered by an occupational risk policy extended to all its Directors & Officers (including Statutory Auditors).

Alignment of remuneration policy and corporate strategy

The Strategic Plan is based on the awareness that the Group consists of a set of highly valuable assets operating in an improving economic context but in a highly competitive market with a framework of regulatory constraints that are more stringent in Europe.

In this scenario, TIM wants to speed up the development of infrastructure assets (fibre in fixed and 5G in mobile) and the growth of new businesses, taking advantage of the funds made available by the NRRP and elsewhere.

Strict control of investments will be adopted, consistent with the Value Positioning based on a portfolio of offerings segmented on the various customer targets combined with the most attractive “beyond connectivity” opportunities, capable of sustaining the TIM brand’s “premium positioning”.

Finally, strong growth in operating efficiency will be pursued, with reduced relative costs and a consequent focus on margins, but always within a framework of sustainability.

The new plan aims to create a new TIM with solid industrial and technological foundations, capable of speeding up the path towards sustainable cash flow generation, also by overcoming the current vertical integration model.

In this context, the remuneration policy supports the achievement of the guidelines defined in the Company’s Strategic Plan, promoting, through the balancing and selection of performance parameters of the short- and long-term incentive systems, the alignment of management’s interests with the objective of ensuring sustainable business success from a medium/long-term perspective.

The Committee assures that the objectives assigned to the CEO and management correctly record the medium/long-term priorities defined by the Board of Directors and contained in the Strategic Plan. In relation to the annual time-frame, the Committee has envisaged maintaining an articulated, balanced framework of complementary objectives, aiming on the one hand to guarantee business profitability and the implementation of the country’s digitisation and, on the other, to optimise the strategic nature of customers and employees.

The Company’s growing commitment to sustainability issues has been consistently applied in the remuneration policy of the last few years: the presence of targets linked to the impact of the company’s activities on the environment, customer satisfaction and employee engagement in the incentive systems has been confirmed for 2022. The objective of reducing the gender pay gap is confirmed.

Remuneration Policy and COVID pandemic emergency

The guidelines to the remuneration policy also take into account employee working conditions, with particular regard the emergency characterising the current social-economic context.

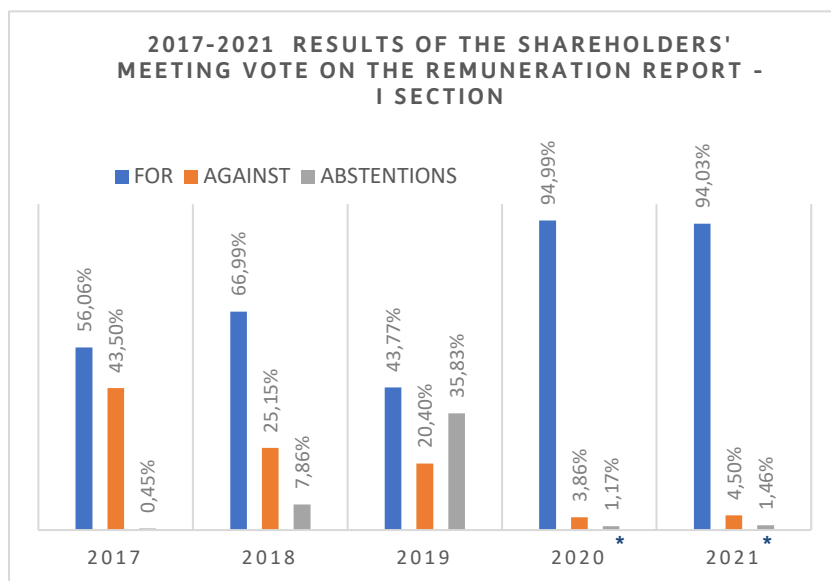
Following the COVID 19 pandemic, TIM immediately took all the necessary steps to fully implement the emergency measures issued in several stages by the Government and the Regions to contain the contagion, and also undertook to strengthen internal safety measures in the workplace, supporting them with ongoing information and awareness campaigns aimed at all staff. In addition to the set of welfare initiatives previously envisaged, TIM has introduced health coverage in the event of hospitalisation for COVID, a voluntary flu vaccination campaign, various serological and swab test campaigns, and a psychological support desk.

In addition, in accordance with legal requirements, governmental guidelines and health authorities, a specific document dedicated to COVID-19 was formalised pursuant to Legislative Decree 81/2008, containing all the measures aimed at protecting employees in terms of preventing contagion. More specifically, with regard to the specific nature of the work of employees whose professional role was to carry out “on field” activities, prevention and protection protocols were defined and provision were made for the use of appropriate Individual Protection Devices.

In addition, TIM experimented with a new work organisation model, defined by agreements signed in August 2020, which combines digitisation of processes, rethinking of spaces and agile organisation of activities, strengthening the ability to work by objectives.

Outcome of the votes on the Remuneration Report

Below are the results of the votes on the Remuneration Report - Section I, in 2017 - 2021, calculated on the actions for which a vote was cast.



*Binding vote on section I of the Report

Shares for which a vote was cast

2017	2018	2019	2020	2021
58,37%	65,16%	67,01%	65,09%	58,84%

In the 2020-2021 period, an important positive result was achieved, also as a result of the dialogue undertaken with the world of investors and the main proxy advisors, aimed at understanding the reasons for the feedback received over time and at designing the remuneration policy in line with investors' expectations for the future.

Given the positive feedback received at the shareholders' meeting on the 2021 policy, the relationship with investors and key proxy advisors will be continue to be further developed.

SECTION I - 2022 REMUNERATION POLICY

PARTIES INVOLVED AND PROCEDURES USED IN THE REMUNERATION PROCESS

Introduction

The Policy on the remuneration of the members of the Board of Directors, the members of the control body (Board of Statutory Auditors) as well as the General Manager and other Executives with Strategic Responsibilities, is defined in accordance with the provisions of the law and the Articles of Association.

The Remuneration Policy is approved by the Board, at the proposal of the Nomination and Remuneration Committee, and is submitted to the Shareholders' Meeting, which, as of 2020, is required to express its opinion on the matter with a binding vote, at the intervals required by its duration and in any case at least every three years, or in the event of changes.

To this end, the Remuneration Policy is illustrated in the first section of the "Report on Remuneration Policy and Remuneration Paid", which must be made available to the public for the 21 days preceding the date of the annual shareholders' meeting (Article 123-ter, paragraph 1, of Legislative Decree no. 58/98, Consolidated Law on Finance).

TIM values dialogue with its shareholders and institutional investors on remuneration issues, aware of the importance of involving shareholders both in defining and verifying the implementation of the Policy for the Remuneration of Directors and Executives with Strategic Responsibilities.

The analysis of shareholders' voting as described in the previous paragraph is of particular importance.

The dialogue with its shareholders and institutional investors takes place through various tools and communication channels, including meetings, conference calls and the final shareholders' meeting event supported by the provision of detailed and complete disclosures.

Subjects involved

The remuneration policy involves the following bodies.

SHAREHOLDERS' MEETING

- It determines the remuneration of the Board of Directors as a whole, with the exception of Directors holding special offices, Statutory Auditors and the Chairman of the Board of Statutory Auditors
- It makes a binding vote on the first section and a non-binding vote on the second section of the Remuneration Report
- Resolves on the remuneration plans based on the allocation of financial instruments.

BOARD OF DIRECTORS

- Defines and updates the remuneration policy over time, also approving derogations from the same when exceptional circumstances arise
- Resolves on how the remuneration determined by the Shareholders' Meeting for the Board of Directors is to be divided (when a total amount is established for the board as a whole)
- Determines the remuneration of Directors holding specific offices
- Defines the performance targets and objectives of the Executive Directors and assesses whether or not they have been achieved, for the purposes of the short- and long-term incentive systems
- It defines the remuneration of the heads of control functions (Audit and Compliance)
- Makes proposals to the Shareholders' Meeting on the remuneration plans based on the allocation of financial instruments
- It prepares the Report on Remuneration Policy and remuneration paid.

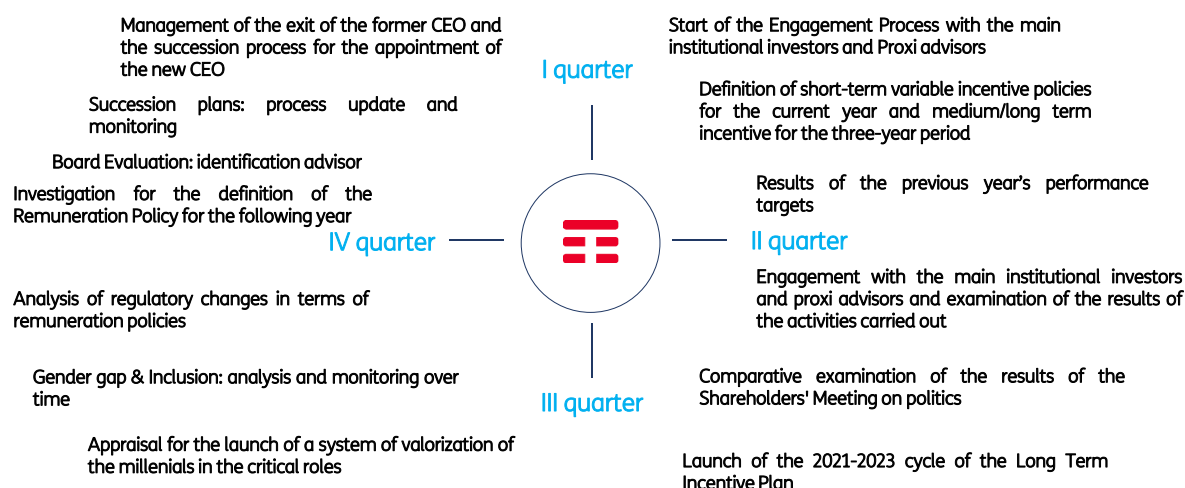
In order to ensure that the decisions taken regarding remuneration are appropriately investigated, the Board of Directors avails itself of the support of the Nomination and Remuneration Committee.

NOMINATION AND REMUNERATION COMMITTEE

- Proposes to the Board of Directors the criteria for allocating the total remuneration established by the Shareholders' Meeting for the Board of Directors as a whole and the remuneration of Directors holding specific offices.
- With the support of the Human Resources, Organization & Real Estate Department, reviews the remuneration policy for managers, particularly regarding the policy for Key Managers with Strategic Responsibilities
- Examines proposals made to the Board of Directors for remuneration plans based on financial instruments;
- Assesses the appropriateness, practical application and consistency of the remuneration policy, also with reference to actual corporate performance, making suggestions and proposals for any corrective measures
- Establishes the architecture of the objectives and of the performance targets linked to the variable incentive system and ascertains the level of achievement of the variable short and long-term incentive targets by the Executive Directors, applying the measurement criteria determined when these targets were assigned
- Issues proposals concerning temporary derogations from the remuneration policy when exceptional circumstances arise.
- It follows the evolution of the reference regulatory framework and market best practices in the field of remuneration, collecting insights for the design and improvement of the remuneration policy.

For the composition, specific activities and operating procedures of the Committee, please refer to the provisions of its Rules of Procedure, available at www.gruppotim.it the Group section, Governance Tools-Regulations channel.

Below is the cycle of activities that have characterised the Committee's work for the period 2021-2022:



BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors expresses the opinions required by current legislation on the proposed remuneration of Executive Directors holding specific offices. In accordance with the Company's Corporate Governance Principles, it also expresses its opinion on the remuneration of the Heads of Control Departments, which is determined by the Board of Directors based on the opinion of the Control and Risk Committee.

2022 POLICY DEROGATION PROCEDURE

Introduction

In accordance with the provisions of Article 123-ter, subsection 3-bis of the CLF, in the presence of exceptional circumstances that may compromise the long-term interests of Company sustainability as a whole or to ensure its ability to stay on the market, TIM reserves the right to temporarily derogate from the Remuneration Policy last approved by shareholders as described below.

Scope of application

The elements of the Remuneration Policy subject to possible waiver are the short and long-term variable components.

Mechanisms

It is possible to provide for:

- the review of the Gate for short-term variable incentive systems (MBO) and long-term variable incentive systems (LTI). This variation may concern the performance objectives which are the gate to the system, exclusively in the presence of factors that are exogenous to the Company that were unforeseeable at the launch of the respective incentive systems. In the case of review, the final bonus must always be at the minimum level of the gate target and the minimum level of each of the other objectives, if achieved. The sterilisations of performance indicators, as per the criteria for measuring the different indicators established ex ante by the Board of Directors, do not pertain to this case.
- the provision of an additional extraordinary incentive system for key roles and people. This provision is linked to external market conditions not envisaged when the Company's Remuneration Policy was approved, in order to ensure attraction, retention and recognition.

Process

The Nomination and Remuneration Committee, in cases where it deems it necessary to start the derogation procedure, shall launch an investigations in order to provide the Board of Directors with in-depth indications on the reasons for starting this process and on the consequent impacts.

Any deviations will be approved by the Board of Directors, on the proposal of the Committee, by means of a reasoned resolution and in accordance with TIM's Procedure on Related Party Transactions. In particular, the investigation must demonstrate that the waiver procedure is based on the principles of fairness and the Company's interest.

2022 REMUNERATION POLICY TOOLS AND GUIDELINES

The TIM Group's remuneration policy is designed to support the achievement of the objectives set out in the Company's Strategic Plan, while ensuring the company's competitiveness on the labour market and its ability to attract, retain and motivate personnel.

The 2022 remuneration policy aims to:

- **adopt an appropriate balance between the performance parameters** of the short-term and long-term incentive schemes to **achieve the Company's strategic objectives**
- **making the company attractive** in the labour market, with particular reference to young people
- **supporting people's engagement**
- **protecting the principles of internal equality**, including gender equality
- **safeguarding coherence at Group level**, while taking into account the diversity of the reference markets.

Definition of the policy is supported by the analysis of market practices in terms of both remuneration levels and the composition of remuneration packages, taking as reference both companies in the Telco sector at an international level (*peer Group Industry TLC*) and Italian companies comparable in terms of size and/or stock market capitalisation (*peer Group FTSE MIB*). In June 2021, the Nomination and Remuneration Committee defined the following panels of companies for the role of CEO and Chairman for the purposes of market benchmarking:

CEO PEER GROUP INDUSTRY TLC

BT Group	Swisscom
Deutsche Telekom	Telefonica
Iliad	Telenor
Koninklijke KPN	Telia Company
Orange	Vodafone Group

following the delisting on 14 October 2021, Iliad will no longer be considered a peer for future years

CEO PEER GROUP FTSE MIB

Atlantia	Nexi
CNH Industrial	Prysmian
Enel	Snam
Eni	STMicroelectronics
Leonardo	Terna

*CHAIRMAN PEER GROUP FTSE MIB **

Atlantia	Nexi
Banco BPM	Poste Italiane
CNH Industrial	Prysmian
Enel	Snam
Eni	STMicroelectronics
Generali	Terna
Intesa San Paolo	Unipol
Leonardo	Unicredit

*for the Board of Directors, the Committees and the Board of Statutory Auditors, the same panel is used for the role of Chairman

With regard to the **role of CEO**, the FTSE MIB peer group consists of companies comparable with TIM in terms of size, managerial complexity and strategic management.

The Industry TLC peer group, on the other hand, includes European telco companies, comparable to TIM in terms of business type, level of internationalisation, size, managerial complexity and strategic management.

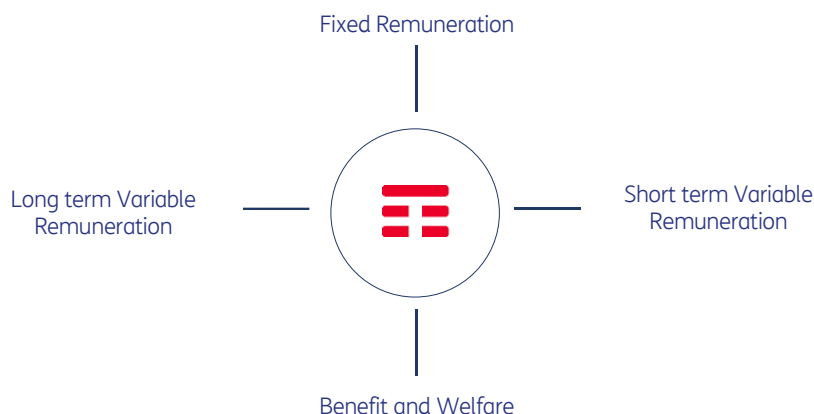
While the CEO's FTSE MIB peer group represents a benchmark for the value and structure of the remuneration package offered, the Industry TLC peer group qualitatively supplements the comparisons with regard to both the structure and characteristics of the short- and long-term remuneration systems and the evaluation of pay for performance.

With regard to the **role of Chairman**, the comparability of the governance systems adopted by the different companies was the main criterion used to define the peer group; the focus, therefore, was on the Italian market. The analysis carried out has also led to considering financial companies - whose Chairman's remuneration is not subject to sectoral constraints - which are comparable to TIM in terms of governance complexity.

For Executives with Strategic Responsibilities, reference is made to the Korn Ferry remuneration surveys.

The components of individual remuneration are:

- Fixed Remuneration (the only form of remuneration provided for Directors without specific powers, the Chairman and the Statutory Auditors)
- Short term Variable Remuneration
- Long term Variable Remuneration
- Benefits and Welfare.



The integration of the various components allows the company to appropriately balance the monetary and non-monetary tools, with the aim of increasing the satisfaction of recipients at a sustainable cost.

The individual remuneration components are analysed below.

FIXED REMUNERATION

With respect to management, the breadth and strategic nature of the role is measured through internationally recognized and certified position evaluation systems. TIM verifies its remuneration positioning annually through market benchmarks that analyze the national and international context.

The need to ensure economically sustainable business management determines the selectivity of salary increases, which – in continuity with the previous year – will concern cases of high quality of the resource and misalignment with the reference market. The focus on gradually closing the gender pay gap is emphasised.

For 2022, the orientation to progressively align fixed remuneration with market practices, through differentiated modalities, is confirmed. In particular, for resources with high seniority, strong market exposure and relevance of the position held – which includes Key Managers with Strategic Responsibilities – the median of the reference market will be taken as a reference, with the possibility of reaching even higher values.

SHORT TERM VARIABLE REMUNERATION

The 2022 short-term variable incentive system confirms the 2021 approach, with fine-tuning for the Chief Executive Officers of the main subsidiaries and managers reporting to the Group Chief Executive Officer.

ARCHITECTURE

The set of objectives for the Chief Executive Officer is substantially in line with 2021. For managers other than the Chief Executive Officer, the architecture was broken down further by macro-area of activity (Commercial, Operations and Staff), by organisational layer (levels and other managers) and by Group Company, providing in particular for the latter greater empowerment with respect to the objectives of the subsidiary for which they are responsible.

The set of objectives breakdowns as follow:

- business objectives of an economic and financial nature, including a gateway objective for the entire incentive system;
- Function objectives
- Environmental, Social & Governance objective, consisting of sub-objectives.

OBJECTIVES

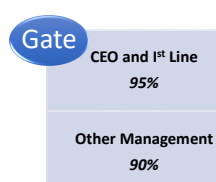
The set of macro-economic targets for 2022 is simplified - with an exception for the Chief Executive Officer, who is focused on continuity - with a focus on EBITDA and Equity Free Cash Flow. The contribution of each Function/Subsidiary to the pursuit of functional/corporate objectives is also enhanced by increasing the % weight of specific objectives.

Finally, for 2022, the ESG objective is confirmed with a total weight of 22%, highlighting the centrality of the two essential stakeholders for the Company, external customers (with Customer Satisfaction objectives) and employees (with Employee Engagement and Gender Pay Gap objectives). In summary, the ESG objective consists of:

- Customer Satisfaction Index (10%)
- Employee Engagement – young segment (6%)
- Gender Pay Gap - Middle Managers segment (6%).

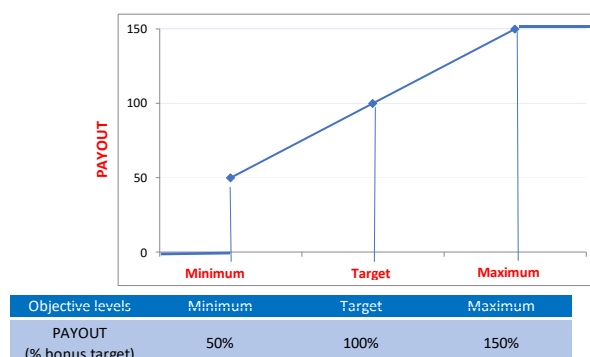
GATE

The gate objective is confirmed, consisting of the EBITDA corporate indicator for the TIM Group, the achievement of which at the minimum level is an access condition to the bonus, which means that the bonus will not be paid if this condition is not met. The target weighting and minimum level are differentiated by population cluster.



PAYOUT SCALE

The pay-out scale used to determine the accrual of the target-related bonus is uniform for all recipients:



Each target is measured individually, so different combinations of target achievement levels are possible. To evaluate these, the mechanism of linear interpolation between minimum, target and maximum target levels will be used.

CLAWBACK

The clawback clause, as of 2022, will also apply to all executives who are beneficiaries of the short-term management incentive (MBO) scheme.

COMPLIANCE REDUCTION FACTOR

For 2022, the pay-out reduction factor, which is linked to the failure to implement corrective actions/remediation plans defined with the Control Functions, is increased and may have an impact of up to -10% of the total incentive pay-out. Introduced on an experimental basis in 2019 with the aim of strengthening Management's culture and sensitivity to the Company's internal control and risk management issues, it applies to Executives with Strategic Responsibilities, with the exception of the Chief Executive Officer, and to all other managers who benefit from the incentive system.

OPTION TO PAY THE PREMIUM TO FONTEDIR

Also in 2022, the possibility is envisaged for executives to opt between paying the accrued bonus on a payroll and paying the amount – all or part of it – to the Fontedir supplementary pension fund, thereby benefiting from more favourable tax and contribution treatment, at no additional cost to the Company.

LONG TERM VARIABLE REMUNERATION

The new Board of Directors' evaluation of the long-term component of the company's incentive scheme presented some elements of complexity. In the last phase of FY 2021 and the first months of FY 2022 there was a managerial transition, with the aforementioned appointment of Mr Labriola as the new Chief Executive Officer on 21 January, and the renewal of part of the first line of management that Mr Labriola himself had already initiated since his arrival as General Manager. In parallel with the process of developing the new Strategic Plan, the Board, with the preliminary work of the Nominations and Remuneration Committee, reflected on the need to find tools to ensure management's commitment in a particularly challenging situation and one of possible significant discontinuity.

The Board and the Nomination and Remuneration Committee therefore had to reason, without preclusion, on a remuneration policy that would provide strong incentives for the management involved in the project, but at the same time that would be neutral with respect to the specific methods of value creation. These characteristics were made necessary by the lack – at the present time – of elements capable of determining with a reasonable degree of certainty which valuation methods can maximise the value of the Company and of the Group to the benefit of all shareholders.

In this context, implementing on a “business as usual” basis the third cycle of the LTI 2020-22 plan approved by the 2020 Shareholders' Meeting, based on the assumptions known at the time about the market, the regulatory frameworks and the continuity of the corporate scopes, would not take advantage of the additional opportunities to motivate the existing top management and would not facilitate the attraction of high-level managerial figures through external recruitment.

It is therefore proposed to the Shareholders' Meeting, taking note of the changes in the scenario, to go beyond the 2020-22 Long Term Incentive Plan and to replace the third cycle of this plan with an instrument with a single 2022-24 cycle that allows management to participate in the creation of shareholder value in a strongly incentive-based manner.

The main characteristics of the Plan are set out below:

BENEFICIARIES OF THE PLAN

The Plan is addressed to the Chief Executive Officer, Top Management and a selected number of executives with key roles in achieving the objectives of the Strategic Plan. The beneficiaries – a total around 140 executives, substantially in line with the 2020-2022 Long Term Incentive Plan – are distributed, in addition to the Chief Executive Officer, in three pay opportunity brackets in relation to the contribution and impact of the role they hold on the company's strategic objectives; for each bracket, the number of option rights attributed at target is determined.

ARCHITECTURE OF THE PLAN

- **Type:** Stock Options Plan
- **Vesting period:** three years, from 1 January 2022 to 31 December 2024
- **Strike price:** average share price calculated in the quarter December 2021-February 2022 (weighted average of ordinary and savings shares): € 0.4240
- **Performance Conditions:**
 - Economic and financial indicator consisting of (EBITDA - CapEX) accumulated over the three-year period (reported values) (weight 70%)
 - ESG indicator (weight 30%), divided into two sub-objectives:
 - o % presence of women in positions of responsibility at the end of 2024 (weight 15%)
 - o % renewable energy out of energy consumed in 2024 (weight 15%).

EBITDA - CapEX objective: the target objective is calculated as the difference between cumulative values, for the period 2022-2024 of the REPORTED EBITDA of the TIM Group and the CapEx of the TIM Group, as defined below:

REPORTED EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation), namely Operating profit (loss) before depreciation and amortization, Capital gains/(losses) and Impairment reversals/(losses) on non-current assets.

It can also be calculated as the Total operating revenues and income net of Costs for the purchases of materials and services, Employee benefits expenses and Other operating costs, Change in inventories and Assets created internally.

This indicator is used by TIM as financial target in internal presentations (business plan) and in external presentations (to analysts and investors). It represents a useful unit of measurement for the evaluation of the operating performance of the Group.

The target REPORTED value will be sterilised according to the same criteria defined for the annual variable incentives (MBO).

CapEX (Capital Expenditures) represent the Group's investments in (tangible and intangible) operative fixed assets. Financial investments are therefore excluded.

The target reported value will be sterilised according to the same criteria defined for the annual variable incentives¹⁴ (MBO) in addition to any differences with respect to the value of the licences already included in the Budget and 22-24 Plan.

% of women in positions of responsibility at the end of 2024, where positions of responsibility means formalised positions in the company organisation
renewables as % energy consumption in 2024, defined as MWh from self-produced and purchased renewable sources divided by total MWh consumed.

The following table summarises the Plan's targets:

Objectives	Weight	Min vs Tgt	Target	Max vs Tgt
(EBITDA – CAPEX) 2022-2024 cumulated reported	70%	80%	Target	120%
ESG KPIs: • % women in leadership position at the end of 2024 (15%) • Renewables as % energy consumption in 2024 (15%)	30%	-2pp -5pp	Target Target	+1pp +3pp

- **Exercise Period:** two years (from the date of approval of the 2024 Financial Statements for the following two years)

PAY-OUT CURVE

The achievement level of the indicators determines the vesting of option rights within a range of -10% to +10% of the target number allocated per bracket.

PAY OPPORTUNITY

CEO:	24,000,000 options at target	- 26,400,000 options at maximum
Bracket I:	6,250,000 options at target	- 6,875,000 options at maximum
Bracket II:	3,125,000 options at target	- 3,437,500 options at maximum
Bracket III:	520,000 options at target	- 572,000 options at maximum.

In total, the number of options to be allocated at target is 234,330,000 and the number at maximum is 257,763,000.

CAP

Commensurate with the maximum economic benefit, calculated by applying to the number of option rights assigned at target a normal value of the share at the time the performance conditions are ascertained (2024 Financial Statements) assumed to be 1.5 euros. The cap is applied when the option rights are vested and affects the number of option rights that can be allocated.

INCLUSION WINDOWS

New beneficiaries of the Plan may be included in six four-monthly assignment windows, without prejudice to the reference strike price (0.4240 euros), with a reduction in the number of options at target in proportion to the unexpired vesting period.

CAPITAL DILUTION

The number of option rights attributable at target totals 234,330,000, for a capital dilution of 1.09% (ordinary and savings shares). Assuming that the performance parameters are achieved at maximum level, the number of rights increases to 257,763,000, with a capital dilution of 1.19%, in line with market practice.

CLAWBACK

The 2022-2024 Stock Option Plan includes a clawback clause for all beneficiaries to be applied until the exercise of the option rights.

SPECIAL CONDITIONS

The possibility of an **accelerated vesting** of the Plan is envisaged, in the event of a public offer and/or voluntary tender offer endorsed by at least 50% + 1 of the share capital: regardless of whether or not this results in the delisting of TIM S.p.A., the option rights would accrue for all beneficiaries at target level and would therefore become immediately exercisable.

In addition, in the event of extraordinary transactions on the Company's capital or other events - such as demergers or spin-offs - involving the creation of different corporate perimeters, the Company undertakes to ensure that the constituent documents of the new entities continuously transpose the Plan with respect to the beneficiaries.

In the event of premature death or the end of a continuous relationship due to (i) retirement, (ii) total and permanent invalidity, (iii) termination by mutual consent (excluding, however, cases of voluntary resignation), the option rights, in a number reduced in proportion to the portion of the incentive cycle that has already elapsed, shall remain subject to accrual (therefore without any acceleration in vesting period), as long as the interruptive event occurs after 1 January 2023.

For more details, see the information document on the initiative, which may be consulted on the link [2022-2024 Stock Option Plan Information Document](#).

STANDARDISATION OF THE OBJECTIVES OF VARIABLE INCENTIVE SCHEMES

In 2021, with the involvement of the Chief Financial Office, the Committee defined the qualifying criteria for the identification of non-recurring events to be taken into account in the standardisation of the targets set under the short- and long-term incentive schemes.

In the final accounting phase, the value objectives will be restated pro-forma due to the impacts linked to changes in the consolidation area, changes to accounting standards and rates of exchange in order to pursue the managerial significance of the comparison between the target and the final balance. In addition, the Non-Recurring items identified in the Group's Financial Statements will be assessed by the NRC according to the following qualifying criteria:

- uniqueness of the event
- economic importance of the event
- unpredictability of the event when setting the target
- no responsibility on the part of management for the event that occurred.

SEVERANCE AND NON-COMPETITION PACKAGES

In the light of best practices regarding "Termination Provisions" for the office as Director of Executive Directors, it is company policy that the severance indemnity, in the event of early termination without just cause, is equal to the compensation that would have been paid at the end of the contract, with a maximum of 24 months of remuneration.

For the whole of the company management team, including Key Managers with Strategic Responsibilities, severance payment packages established by law and the National Collective Employment Agreement are provided for, with a maximum of 24 additional monthly payments.

It will also be the responsibility of the Chief Executive Officer to identify the resources that - due to the relevance and strategic nature of the role covered - may be subject to a non-competition agreement, for a maximum period of one year calculated on the fixed remuneration.

CLAWBACK

Since 2016, a contractual clawback mechanism has been in place which allows the recovery of variable remuneration. The clawback clause may be activated in the three years after the disbursement of payments in cases where said disbursement occurs following wilful misconduct or gross negligence on the part of the Executives concerned or in the case of an error in the formulation of the data, which resulted in the restatement of the Financial Statements.

The clawback clause applies to all recipients of the 2020-2022 LTI Plan; from 2022 onwards, it will also apply to all managers who are beneficiaries of the short-term management incentive (MBO) scheme and, if approved by the Shareholders' Meeting, to all beneficiaries of the 2022-2024 LTI Plan described above.

BENEFITS AND WELFARE

The benefits and welfare area is the non-monetary element of remuneration. In particular:

- the **benefits** are non-monetary assets and services made available to beneficiaries, depending on the role they hold, and aim to improve their well-being (check-ups, loans, mixed-use cars, mobile phones).

- **welfare** is the set of non-monetary goods and services made available to the entire company population regardless of the position held, aimed at increasing the individual and family well-being of employees (personal services, coverage of health expenses, supplementary pensions, insurance policies). These services have been further extended in correlation with the COVID-19 pandemic (stipulation of health insurance policy in the event of hospitalisation for COVID-19, a personal psychological support unit, campaigns for blood tests and swabs and a voluntary flu vaccination campaign).

MILLENNIALS

Under the 2022 Remuneration Policy, particular attention will be paid to Millennials who perform tasks defined as critical (e.g. pre- and post-sale designer, platform/software technology developer, etc.).

These resources, in fact, represent a competitive advantage for TIM, which requires adequate attraction and retention tools to make TIM an attractive company, in order to ensure both the recruitment of the best professionals at a fair market cost and the reduction of the exit risk.

To this end, an attraction and retention programme has been designed which - in order to be as effective as possible - will engage the different elements of the employee experience in an integrated and synergic way.

With specific reference to the remuneration/incentive amount, a rolling cash incentive system has been designed, with a three-year vesting period.

REMUNERATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS, THE CHIEF EXECUTIVE OFFICER AND KEY MANAGERS WITH STRATEGIC RESPONSIBILITIES

REMUNERATION OF THE NON-EXECUTIVE CHAIRMAN

The remuneration package for the Chairman consists of only the fixed component; below is a description of the remuneration package assigned to the Chairman, as determined by the Board of Directors on 28 April 2021, on the proposal and with the approval of the Nomination and Remuneration Committee.

- **Fixed component**

The fixed remuneration for the functions of Chairman is set at the gross sum of 600,000 euros per annum. The Chairman does not receive any remuneration for the office of Director or his membership of the Sustainability Committee (pursuant to Art. 2389, subsection 1 of the Italian Civil Code).

- **Variable component**

The Chairman is not entitled to any form of variable remuneration, either short or long term.

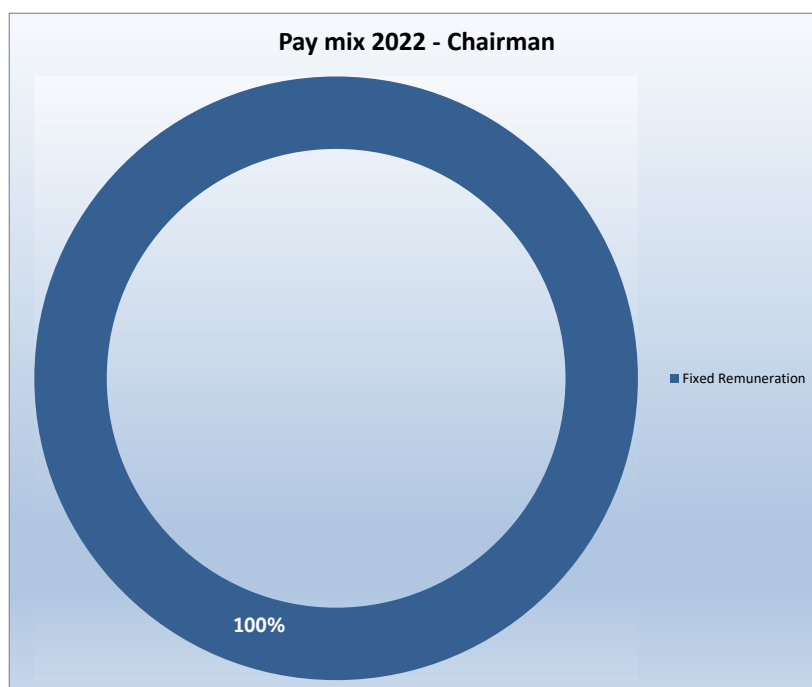
- **Severance**

There is no severance payment planned.

- **Benefits**

The Chairman is not a recipient of benefits but receives reimbursement of expenses incurred in the performance of his duties, in accordance with the Bylaws.

The pay mix for 2022 is shown below:



CHIEF EXECUTIVE OFFICER'S REMUNERATION

A description of the remuneration package of the Chief Executive Officer and General Manager in office on the date of approval of this report, whose structure was established by the Board of Directors on 21 January 2022 (on the proposal and approval of the Nomination and Remuneration Committee) with reference to the position of General Manager and office of Chief Executive Officer, is provided below.

- **Fixed component**

The fixed remuneration for the Chief Executive Officer is set at a gross annual amount of 1,400,000 euros, divided between the remuneration for the executive position (1,300,000 euros) and the remuneration for the office of Chief Executive Officer (100,000 euros).

The Chief Executive Officer does not receive remuneration for the office of Board Director, nor as a member of Committees, if any (art. 2389 subsection 1 of the Italian Civil Code).

- **Short term variable component**

For each financial year, the Chief Executive Officer is assigned a short-term variable component (MBO), linked to the achievement of objectives set annually by the Board of Directors, corresponding to a target of 100% of his fixed remuneration (1,400,000 euros); each objective is measured individually, with a parametric scale as described in the paragraph "Short-term Incentive System".

On 2 March 2022, the Board of Directors drew up – at the proposal of the Nomination and Remuneration Committee, and in line with the general architecture – the following incentive objectives for the 2020 MBO:

Objectives	Weight	Min vs Tgt	Target	Max vs Tgt
Tim Group Ebitda (Gate)	30%	95%	budget	105%
Tim Group Equity Free Cash Flow	23%	-12%	Budget	+12%
Tim Group Net Financial Position	15%	+2,5%	Budget	-2,5%
Tim Group Services Revenues	10%	-2%	Budget	+2%
ESG KPI's: <ul style="list-style-type: none">• Customer Satisfaction Index (10%)• Young Employee Engagement (6%)• Gender Pay Gap Middle Managers Domestic Core (6%)	22%	-1% -1pp -0,5pp	Target Target Target	+1,9% +1 pp +0,5pp

- **Long term variable component**

The Chief Executive Officer is a beneficiary of the 2022-2024 Stock Option Plan previously described.

The pay opportunity at target provides for the assignment of 24,000,000 option rights, which may increase to 26,400,000 depending on the level of achievement of the performance parameters.

For more details, see the information document on the initiative, which can be consulted on the link [2022-2024 Stock Option Plan Information Document](#).

- **Severance**

As per policy, in the event of termination of the Chief Executive Officer position without just cause, an indemnity equal to the remuneration due for the office will be paid until the natural expiry of the mandate, with a maximum of 24 months' salary (calculated as the sum of the fixed and MBO components).

With respect to the termination of the employment contract, the severance pay established by law and by the CCNL (National Labour Contract) is provided, with recognition of additional monthly payments up to a maximum of 24 (calculated on the fixed component).

- **Clawback**

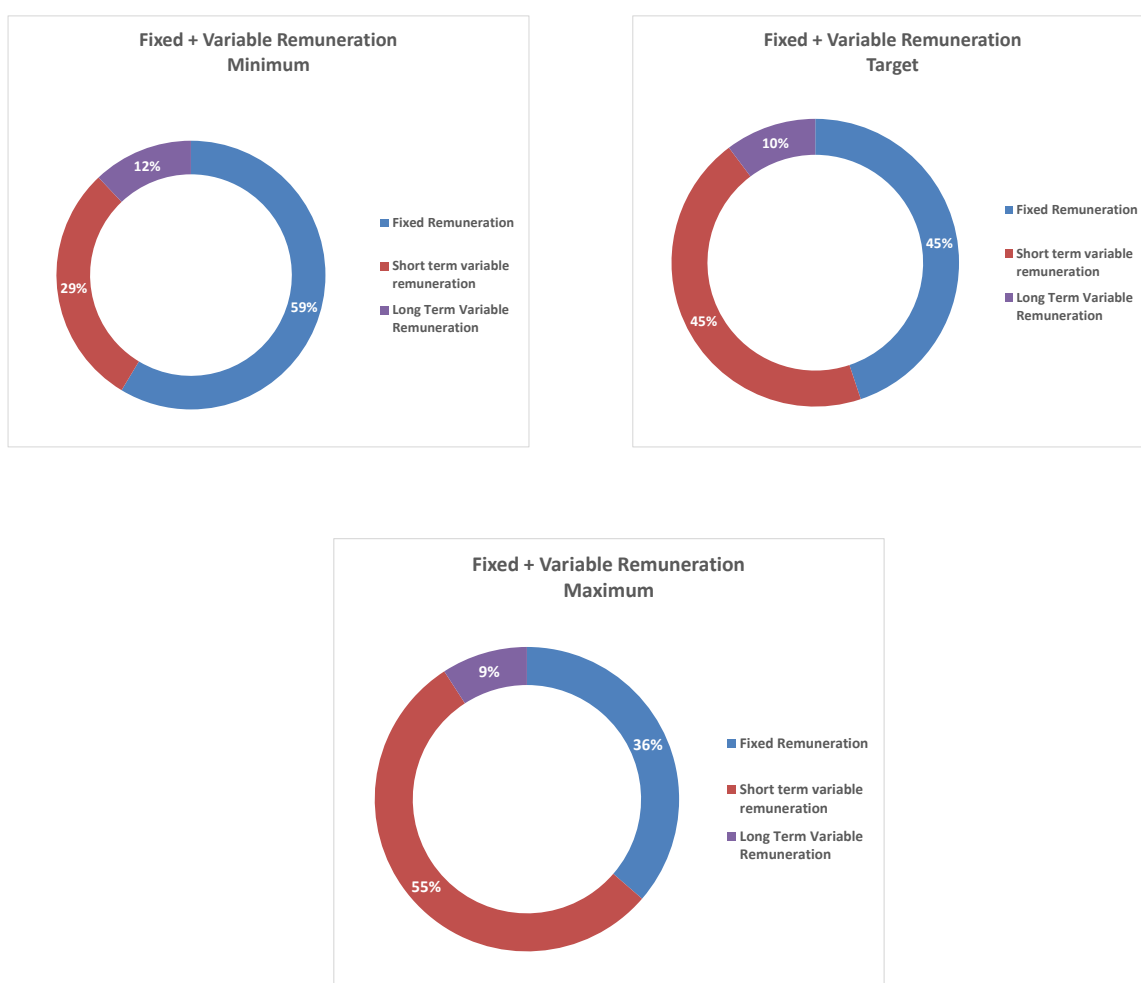
In the three years following the payment of the bonus of the variable remuneration components, a clawback clause for the amounts paid may be activated, as per policy.

- **Benefits and Welfare**

In relation to the managerial role, the Chief Executive Officer enjoys the benefits specified for the management of the Company (health insurance cover through the TIM Group Executive supplementary healthcare assistance; supplementary pension cover through membership of the TIM Group Executive complementary pension fund; insurance cover for work-related and non-work-related accidents, life and invalidity benefit due to illness; a company car for mixed use; check-up). The Company also holds a “professional risks policy” that covers all its Directors and Officers.

- **Pay Mix**

The pay mix for 2022 is shown below. The percentages indicated alternatively assume the disbursement of the minimum, target and maximum value for both the short-term incentive scheme – MBO – and the 2022-2024 LTI Plan, which shall be submitted to the Shareholders’ Meeting of 7 April 2022 for approval. With regard to the 2022-2024 LTI plan, the option rights have been valued on an annual basis assuming the fair value of the share as at 2 March 2022¹, the date on which TIM’s Board of Directors approved the plan architecture, proposing its approval to the Shareholders’ Meeting of 7 April.



¹ Fair value of 0.04 euros.

REMUNERATION OF MANAGERS WITH STRATEGIC RESPONSIBILITIES

The following are the names of Key Managers with Strategic Responsibilities in the period 2021-2022:

Directors:

Luigi Gubitosi	Managing Director and Chief Executive Officer of TIM S.p.A. General Manager ¹
Pietro Labriola	Managing Director and Chief Executive Officer of TIM S.p.A. General Manager ²

Executives:

Giovanna Bellezza	a.i. Human Resources, Organization & Real Estate ³
Adrian Calaza Noya	Chief Financial Office ⁴
Paolo Chiriotti	Procurement ⁵
Simone De Rose	Procurement ⁶
Michele Gamberini	Chief Innovation & Information Office ⁷
Nicola Grassi	Chief Technology & Operations Office ⁸
Stefano Grassi	Security
Alberto Mario Griselli	Diretor Presidente of TIM S.A. ⁹
Massimo Mancini	Chief Enterprise Market Office ¹⁰
Giovanni Gionata Massimiliano Moglia	Chief Regulatory Affairs Office ¹¹
Carlo Nardello	Chief Strategy, Business Development & Transformation Office ¹²
Agostino Nuzzolo	Legal & Tax
Claudio Ongaro	Chief Strategy & Business Development Office ¹³
Federico Rigoni	Chief Revenue Office ¹⁴
Giovanni Ronca	Chief Financial Office ¹⁵
Andrea Rossini	Chief Consumer, Small & Medium Market Office ¹⁶
Luciano Sale	Human Resources, Organization & Real Estate ¹⁷
Stefano Siragusa	Chief Network Operations & Wholesale Office ¹⁸

¹ until 26 November 2021

² from 27 November 2021 General Manager TIM S.p.A. and from 21 January 2022 also Chief Executive Officer of TIM Group

³ from 30 November 2021

⁴ from 1 March 2022

⁵ from 5 July 2021 to 6 December 2021; the Procurement position was previously held by Nicola Grassi

⁶ from 1 February 2022; previously - from 7 December 2021 - he was interim manager in the same position

⁷ until 20 September 2021

⁸ from 5 July 2021 to 6 December 2021; he was previously Head of Procurement

⁹ 1 February 2022; previously this position was held by Pietro Labriola

¹⁰ from 7 December 2021

¹¹ from 7 December 2021; until 6 December, Head of Chief Regulatory Affairs & Wholesale Market Office

¹² until 6 December 2021

¹³ from 1 February 2022; previously - from 7 December 2021 - interim manager of the same position

¹⁴ until 4 July 2021

¹⁵ until 1 March 2022

¹⁶ from 21 February 2022

¹⁷ until 29 November 2021

¹⁸ from 7 December 2021; from 21 September until 6 December 2021, Chief Revenue, Information & Media Office; from 5 July 2021 until 20 September 2021, Chief Revenue Office; from 9 April 2021 until 4 July 2021, Chief Technology & Operations Office; until 8 April 2021, Chief Operations Office.

The structure of the compensation package for Key Managers with Strategic Responsibilities, excluding the Chief Executive Officer, for 2022, is as follows:

- **Fixed component**

The guideline for 2022 is to keep remuneration in line with the market median, with the possibility of achieving even higher values, setting selective criteria for adjusting fixed remuneration.

- **Short Term Variable Component (MBO)**

The annual incentive plan for 2022, with a target pay opportunity equal to 50% of fixed remuneration, includes some changes for Executives with Strategic Responsibilities compared to 2021:

- the gateway target (consisting of the Group EBITDA) is reduced from 30% in 2021 to 25%
- the space reserved for objectives linked to the role (Functional objectives) is increased and the weighting relative to the company's macro-economic objectives is reduced accordingly
- the distribution of corporate and functional macroeconomic objectives is differentiated according to the role held

Below are the reference diagrams:

Commercial Functions reporting to the CEO

First Line:	Objectives	Weight
Chief Consumer, Small & Medium Market Office	Tim Group Ebitda (Gate)	25%
	Tim Group Equity Free Cash Flow	23%
	Segment Ebitda	15%
	Segment Services Revenues	15%
Chief Enterprise Market Office	ESG KPI's: • Customer Satisfaction Index (10%) • Young Employee Engagement (6%) • Gender Pay Gap Middle Managers Domestic Core (6%)	22%

Operations Functions reporting to the CEO

First Line:	Objectives	Weight
Chief Net Operation & Wholesale Market	Tim Group Ebitda (Gate)	25%
	Tim Group Equity Free Cash Flow	23%
	Functional objectives	30%
	ESG KPI's: • Customer Satisfaction Index (10%) • Young Employee Engagement (6%) • Gender Pay Gap Middle Managers Domestic Core (6%)	22%

Other Functions reporting to the CEO

Other Functions of First Line	Objectives	Weight
	Tim Group Ebitda (Gate)	25%
	Tim Group Equity Free Cash Flow	33%
	Functional objectives	20%
	ESG KPI's: a) Customer Satisfaction Index (10%) b) Young Employee Engagement (6%) c) Gender Pay Gap Middle Managers Domestic Core (6%)	22%

Each objective is measured individually, with a parametric scale as described in the section "Short-term Incentive System".

- **Long-Term Variable Component**

The Key Managers with Strategic Responsibilities were beneficiaries of the 2022-2024 Stock Option Plan previously described.

The pay opportunity at target provides for the assignment of up to a maximum of 6,250,000 option rights, which may increase to a maximum of 6,875,000 depending on the level of achievement of the performance parameters.

For more details, see the information document on the initiative, which can be consulted on the link [2022-2024 Stock Option Plan Information Document](#).

- **Severance and Non-Competition Package**

The treatments applicable under the law and the CCNL are provided for. The additional allowances provided may not exceed 24 months' salary (calculated as the sum of the gross annual pay and MBO).

In the event of termination of the employment relationship in the absence of just cause for dismissal, it will be the responsibility of the Chief Executive Officer to identify the resources that - due to the importance and strategic nature of the role covered - may receive severance pay, to which a non-competition agreement may be associated, depending on the importance and strategic nature of the role covered, for a maximum period of one year calculated on the fixed remuneration.

- **Benefits & Welfare**

Benefits are granted similar to those provided for all other company managers: company car for mixed use, insurance policies (workplace/non workplace accidents, life and invalidity caused by illness), complementary health insurance cover, complementary pension fund and check-up. The Company also holds a “professional risks policy” that covers all its Directors and Officers.

- **Lump sum**

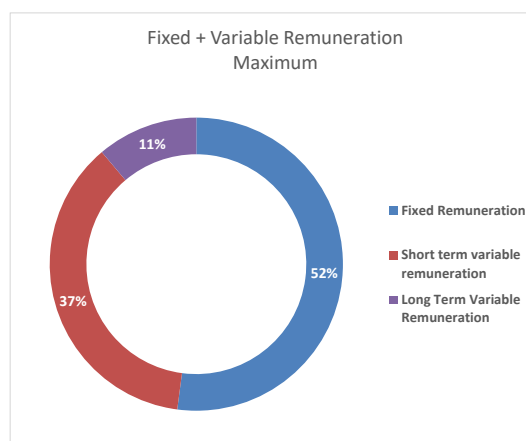
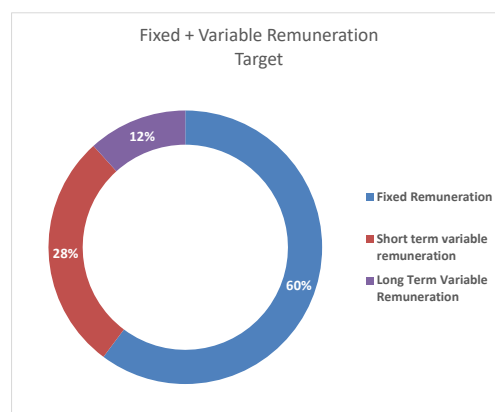
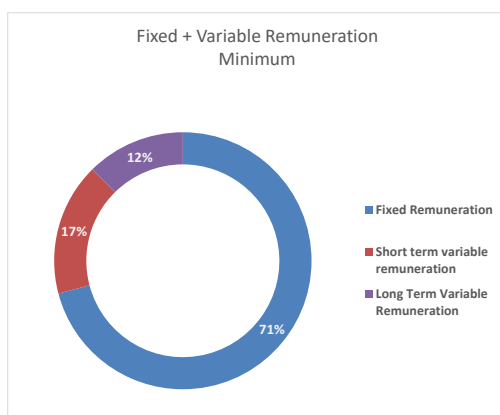
No bonuses can be assigned that are not tied to performance conditions.

The Company has exceptionally reserved the right to make lump sum payments during the hiring phase in order to favour the acquisition of resources with specific skills considered essential for the achievement of the strategic business objectives and who have accrued the right to specific deferred remuneration from their Company of origin.

- **Pay Mix**

The pay mix for 2022 is shown below.

The percentages indicated alternatively assume the disbursement of the minimum, target and maximum value for both the short-term incentive scheme – MBO – and the 2022-2024 LTI Plan, which shall be submitted to the Shareholders’ Meeting of 7 April 2022 for approval. With regard to the 2022-2024 LTI plan, the option rights have been valued on an annual basis assuming the fair value of the share as at 2 March 2022¹, the date on which TIM’s Board of Directors approved the plan architecture, proposing its approval to the Shareholders’ Meeting of 7 April.



¹ Fair value of 0.04 euros.

FINANCIAL REPORTING OFFICER

With regard to the manager responsible for preparing the corporate financial reports, the incentive mechanisms are those adopted for all Key Managers with Strategic Responsibilities, as illustrated above.

SECTION II – IMPLEMENTATION OF REMUNERATION POLICIES AND AMOUNTS PAID IN 2021

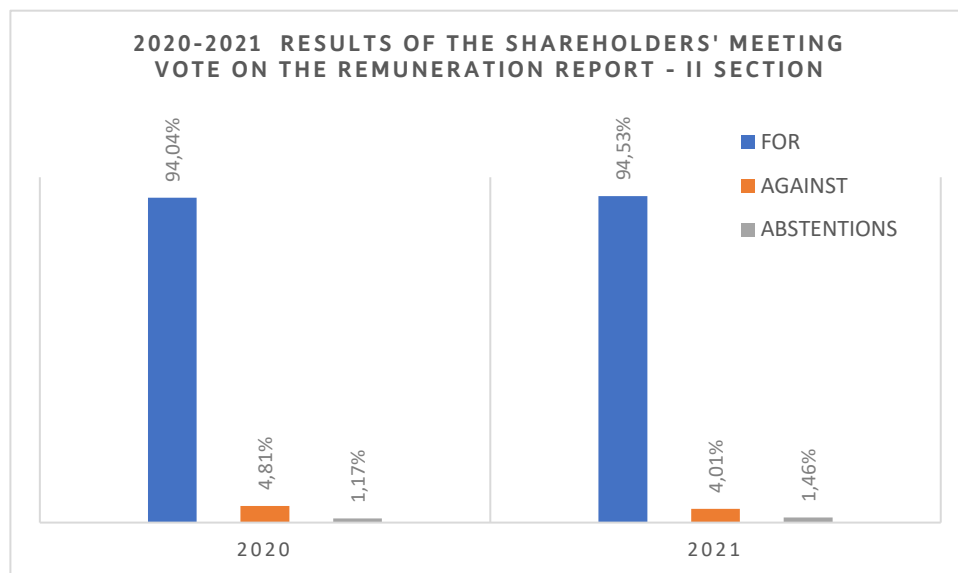
This section describes the remuneration measures for the members of the Board of Directors, the Board of Statutory Auditors and the Key Managers with Strategic Responsibilities in 2021.

It is confirmed that in 2021 compensation was paid in line with the 2021 Remuneration Policy.

In the 2020-2021 two-year period, an important positive result was achieved in the shareholders' meeting votes (over 94% in favour) also as a result of dialogue with investors and the main proxy advisors, aimed at understanding the reasons for the feedback gradually received and at designing the remuneration policy in line with investor expectations for the future.

Given the positive feedback received on the 2021 policy at the AGM, the relationship with investors and key proxy advisors will be further developed.

Below are the results of the votes on the Remuneration Report - Section II, in 2020 - 2021, calculated on the actions for which a vote was cast.



Shares for which a vote was cast

2020	2021
65,09%	58,84%

REMUNERATION OF THE MEMBERS OF THE BOD

The overall annual remuneration of the Board of Directors pursuant to art. 2389(1) of the Italian Civil Code was established by the Shareholders' Meeting on 31 March 2021 as a maximum of 2,200,000 euros gross.

The Board of Directors held on 28 April 2021 divided up the remuneration, allocating 100,000 euros, gross per annum to each Director (excluding the Chairman and the Chief Executive Officer); this sum is a fixed fee. There is no remuneration linked to the company results, nor any severance pay.

The additional remuneration for Directors, Members of the Committees, is set out below.

Sustainability Committee

(former Strategies and Sustainability Committee)

Salvatore Rossi (C)
Paola Camagni
Cristiana Falcone
Federico Ferro Luzzi
Paola Sapienza

Remuneration: 30,000 euros per director (the Chairman of the Board of Directors does not receive this remuneration)

Federico Ferro Luzzi (C)
Paolo Boccardelli
Paola Bonomo
Marella Moretti
Ilaria Romagnoli

Remuneration:
Members: € 45,000
Chairman: € 65,000

Control and Risk Committee

Nomination and Remuneration Committee

Paola Bonomo (C)
Paola Camagni
Maurizio Carli
Luca De Meo
Paola Sapienza

Remuneration:
Members: € 30,000
Chairman: € 40,000

Related Party Committee

Paolo Boccardelli (C)
Maurizio Carli
Cristiana Falcone
Marella Moretti
Ilaria Romagnoli

Remuneration:
Members: € 30,000
Chairman: € 40,000

Directors who do not hold specific offices were not entitled to receive variable remuneration or the allocation of benefits, without prejudice to reimbursement of expenses incurred in the performance of their office.

REMUNERATION OF THE LEAD INDEPENDENT DIRECTOR (PAOLA SAPIENZA)

At its meeting on 26 November 2021, the Company's Board of Directors resolved to appoint a Lead Independent Director, with the powers set out in Borsa Italiana's Corporate Governance Code, calling upon Ms Paola Sapienza to take on this role. The additional remuneration for this office of 45,000 euros gross per year was also established at the Board of Directors meeting on 17 December 2021.

REMUNERATION OF THE BOARD OF STATUTORY AUDITORS

The remuneration of Statutory Auditors valid for the full term of office (financial years 2021-2023) was established by the Shareholders' Meeting of 31 March 2021 as 135,000 euros gross per year for the Chairman of the Board of Statutory Auditors and 95,000 euros gross per year for each standing Auditor. Moreover, the Statutory Auditor Ms Anna Doro receives - as a member of the Supervisory Body - additional remuneration of 15,000 euros gross per year

Board of Statutory Auditors

Francesco Fallacara (C)
Angelo Rocco Bonisconi
Francesca di Donato
Anna Doro
Massimo Gambini

Statutory auditors do not receive variable remuneration or benefits but receive reimbursement of expenses incurred in the performance of their duties.

The detailed analysis of the remuneration received individually by the Directors and Statutory Auditors is shown in Table 1 in the second part of this section.

CHAIRMAN (SALVATORE ROSSI)

The position of Chairman was held by Mr Salvatore Rossi for the entire year. His appointment was reconfirmed by the Board of Directors on 1 April 2021. The Board of Directors on 26 November 2021 also assigned Chairman Salvatore Rossi responsibilities and powers relating to the Partnership & Alliances, Institutional Communications, Sustainability Projects & Sponsorship and Public Affairs Departments, as well as responsibility for managing TIM assets and activities of strategic importance for the national defence and security system. Subsequently, on 21 January 2022, the Board of Directors resolved that the Chairman, Salvatore Rossi, would retain the communication powers in relation to the indicative non-binding expression of interest received from KKR & Co. and the process that followed. The granting of these powers did not result in any remuneration changes.

In this period, his compensation package was as follows:

- annual fixed fee of 600,000 euros gross. The Chairman did not receive remuneration pursuant to Article 2389(1) of the Italian Civil Code for the office of Director or for his membership of the Strategies and Sustainability Committee;
- no form of variable incentive;
- no end-of-mandate component, no benefits (only reimbursement of expenses incurred in the office as per the Bylaws), no clawback, no severance pay.

The detailed analysis of the remuneration received is shown in Table 1 of the second part of this section.

CHIEF EXECUTIVE OFFICER (LUIGI GUBITOSI)

1 January 2021 – 26 November 2021 (Chief Executive Officer)

27 November 2021 – 17 December 2021 (Non executive Director)

1 January 2021 – 31 December 2021 (Employment)

From 1 January to 26 November 2021, the position of Chief Executive Officer was held by Mr Luigi Gubitosi; his appointment was confirmed by the Board of Directors at its meeting on 1 April 2021.

In the Board meeting of 26 November 2021, Mr Luigi Gubitosi resigned his powers and the Board of Directors, having acknowledged and accepted them, resolved to revoke Mr Luigi Gubitosi from the offices of Chief Executive Officer and General Manager of the Company.

The composition of the *compensation package* was resolved by the Board of Directors on 28 April 2021, in continuity with what has already been paid to Mr Gubitosi for his employment salary as General Manager and his position as Chief Executive Officer of the Company, for a total annual fixed gross amount of 1,400,000 euros (unchanged), divided into 1,300,000 euros as Gross Annual Remuneration for the employment salary and 100,000 euros as gross remuneration for the office of Chief Executive Officer pursuant to Article 2389, subsection 3, of the Italian Civil Code. Additional remuneration for the office of Director was excluded and the remaining elements remained unchanged.

Moreover, as further remuneration pursuant to Art. 2389(3) of the Italian Civil Code, Mr Gubitosi was the beneficiary of an MBO with a target amount of 1,400,000 euros gross.

The table below illustrates in detail the degree of achievement of the objectives for the 2021 MBO short-term variable component compared with the references assigned.

Values in € millions		2021 OBJECTIVE LEVELS			FINAL FIGURES		
OBJECTIVE	WEIGHT	Min Payout 50%	Target Payout 100%	Max Payout 150%	Result 2021	% achievement	Weighted Score
TIM Group Ebitda GATE ⁽¹⁾	30%	6,156	6,480	6,804	5,080	0%	0%
TIM Group Equity Free Cash Flow	23%	1,464	1,663	1,863	632	0%	0%
TIM Group Adjusted Net Financial Position	15%	22,483	21,934	21,386	22,187	76.96%	12%
TIM Group Service Revenues	10%	13,928	14,212	14,496	13,906	0%	0%
ESG indicators: a) Customer Satisfaction Index (10%) b) Employee Engagement (6%) c) Managers Gender pay gap (6%)	22%	a) 72.36 b) 72 c) 3.9%	a) 72.86 b) 73 c) 3.5%	a) 74.30 b) 74 c) 3%	a) 72.76 IVQ 2021 b) 76 Survey results c) -0.4%	a) 90% b) 150% c) 150%	a) 9% b) 9% c) 9%

(1) The Gate represents a condition for accessing the bonus linked to all the objectives rewarded.

The value objectives were restated pro-forma due to the impacts linked to changes in the consolidation area, rates of exchange in order to pursue the managerial significance of the comparison between the target and the final balance.

After evaluation by the Nomination and Remuneration Committee, no sterilisation was applied with regard to non-recurring items.

On 28 April 2021 the Board of Directors of TIM launched the 2021-2023 Incentive Cycle as part of the 2020-2022 Long Term Incentive Plan approved by the Shareholders' Meeting held the previous 31 March.

With regard to the 2020-2022 Long Term Incentive Plan, as at 31 December 2021, Mr Gubitosi was granted - for the 2021-2023 cycle - the right to receive 4,166,666 TIM S.p.A. ordinary shares free of charge at target level, subject to specific performance conditions (performance shares). Based on the level of achievement of the three-year performance objectives, this number could have decreased or increased up to a maximum of 6,666,665 shares, subject to the Gate condition and the ESG corrective. In view of the termination on 31 December 2021, the target shares have been re-proportioned to 1,388,888 and a maximum of 2,222,220.

On 17 December 2021, Mr Gubitosi resigned as a director of the Company with immediate effect and on 31 December 2021 he ceased to be an employee. Upon his resignation, the last accessory and severance indemnities due by law and collective agreement were paid (severance indemnity, holidays, thirteenth month bonus). In line with the Company's remuneration policies, a total gross amount of 6,900,000 euros was paid for the termination of his employment and directorship (plus a sum of 36,000 euros as a settlement, as consideration for the waivers granted by Mr Gubitosi).

Mr Gubitosi will also be paid the pro-rata amount due in relation to the 2020-2022 Long Term Incentive Plan (2020-2022 and 2021-2023 cycles) according to the relevant Regulation.

In FY 2021, the proportion between the fixed and variable remuneration, considering the total remuneration of the Chief Executive Officer, was 45% (fixed/total) and 55% (variable/total) as set out in Table 1 (column 8) of the second part of this section.

The detailed analysis of the remuneration received is shown in Table 1 of the second part of this section.

GENERAL MANAGER (PIETRO LABRIOLA)

In its meeting of 26 November 2021, the Company's Board of Directors appointed Pietro Labriola as General Manager, (with retention of the position of CEO of the subsidiary TIM S.A and receipt of the related remuneration), and hired him as an executive with a fixed-term employment contract.

The contract provided for a gross annual remuneration of 800,000 euros for the employment relationship and a short- and long-term variable remuneration consistent with the amount established for the head of the company in the Remuneration Policy Report.

For financial year 2021, Mr Labriola only received the fixed remuneration commensurate with the role coverage period until 31 December 2021. The detailed analysis of the remuneration received as General Manager is set out in Table 1 of the second part of this section.

On 21 January 2022, the Board of Directors co-opted and appointed Pietro Labriola as the Group's new Chief Executive Officer, confirming his position as General Manager with an open-ended employment contract.

Mr Labriola ceased to be CEO of TIM S.A. on 31 January 2022.

KEY MANAGERS WITH STRATEGIC RESPONSIBILITIES

The fixed remuneration of the Key Managers with Strategic Responsibilities comprised the gross annual remuneration in relation to the employment contract. The actions taken in 2021 were consistent with those set out in the remuneration policy for the year.

In line with the provisions of the 2021 remuneration policy, Executives with Strategic Responsibilities were the beneficiaries of an MBO short-term variable component; in view of the failure to achieve the TIM Group EBITDA target, which is a gateway to the variable incentive scheme, the entire measure did not give rise to any payment for 2021.

The following are the objectives assigned to the resources who held that role in 2021; the first five objectives were the same as those assigned to the Chief Executive Officer, with different weights.

For a comparison between the objectives achieved and those set refer to the previous table of the Chief Executive Officer.

OBJECTIVE	WEIGHT	Min Payout 50%	Target Payout 100%	Max Payout 150%
TIM Group Ebitda GATE ⁽¹⁾	30%	6,156	6,480	6,804
TIM Group Equity Free Cash Flow	13%	1,464	1,663	1,863
TIM Group Net Financial Position Adjusted	10%	22,483	21,934	21,386
TIM Group Services Revenues	15%	13,928	14,212	14,496
ESG indicators: a) Customer Satisfaction Index (10%) b) Employee Engagement (6%) c) Managers Gender pay gap (6%)	22%	a) 72.36 b) 72 c) 3.9%	a) 72.86 b) 73 c) 3.5%	a) 74.30 b) 74 c) 3%
<i>Specific function objectives</i>	10%			

(1) The minimum level of the Gate is 95% of the target value

The objectives attributed to the resources that became Executives with Strategic Responsibilities following the organisational restructuring introduced by the new General Manager are also set out below.

OBJECTIVE	WEIGHT	Min Payout 50%	Target Payout 100%	Max Payout 150%
TIM Group Ebitda GATE (Manager) ⁽¹⁾	30%	5,832	6,480	6,804
TIM Group Operating Free Cash Flow	10%	2,675	3,040	3,405
TIM Group Services Revenues	15%	13,928	14,212	14,496
ESG indicators: a) Customer Satisfaction Index (10%): ⁽²⁾ a1) CSI TIM (Consumer - Small and Medium - Enterprise) a2) CSI Enterprise a3) CSI Wholesale b) Employee Engagement (6%) c) Managers Gender pay gap (6%)	22%	a1) 73.88 – 61.68 – 75.68 a2) 75.68 a3) 7.33 b) 72 c) 3.9%	a1) 74.24 – 62.90 – 76.05 a2) 76.05 a3) 7.39 b) 73 c) 3.5%	a1) 75.71 – 64.12 – 77.56 a2) 77.56 a3) 7.54 b) 74 c) 3%
<i>Specific function objectives</i>	23%			

(1) The minimum level of the Gate is 90% of the target value

(2) Differentiated by function

The table below sets out the average pay out for the 2021 MBO short-term variable component for those who qualified as Key Managers with Strategic Responsibilities in 2021, compared with the average values for those who qualified as such in previous financial years.

	2021	2020	2019	2018	2017	2016
Average Payout	*	91%	102%	*	107%	95%

(*) In view of the failure to reach the TIM Group EBITDA target at the minimum level (95% of the budget target), as a condition of access to all other targets, the entire MBO measure has been canceled.

An analytical breakdown of the remuneration received by Key Managers with Strategic Responsibilities in 2021 is provided in Table 1 in the second part of this section.

* * *

It is confirmed that, in 2021, there was compliance with the remuneration policy in force with regard to the one-off bonus, benefits and severance agreements, with reference to contractual compensation such as indemnities paid in the period.

The values of the indemnities recognised during the year for consensual terminations (with maintenance of the rights to the components of the 2020-2022 Long Term Incentive Plan, recognised under the conditions and terms set out in the respective Information Document available on [2020-2022 Long Term Incentive Plan](#)) are analytically reported in Table 1 and no further amounts are due. The valuation of non-monetary benefits, for the period agreed with respect to terminations by mutual agreement (as is standard practice, with respect to the nature of the benefit: e.g. insurance cover; or return of the asset: e.g. cars for business and personal use), which in any case occurred within the year, is set out in the same Table 1 until the time the role was held.

In line with 2021 remuneration policy provisions, as instructed by the CEO, non-competition agreements were signed, in view of the importance and strategic nature of the roles held by certain Key Managers.

* * *

On 28 April 2021 the Board of Directors of TIM resolved to launch the 2020-2022 incentive cycle as part of the 2021-2023 Long Term Incentive Plan approved by the Shareholders' Meeting in March (see the disclosure document which can be consulted on the website page [2020-2022 Long Term Incentive Plan](#)).

With regard to the 2020-2022 Long-Term Incentive Plan, Key Managers with Strategic Responsibilities are granted the right to receive 13,960,320 TIM S.p.A. ordinary shares free of charge at target level as of 31 December 2021 for the 2021-2023 cycle. Based on the level of achievement of the performance objectives for the three-year period, this number may decrease or increase up to a maximum of 18,846,432, subject to the Gate condition and the ESG corrective.

In view of the termination in the first quarter of 2022, the target shares have been re-proportioned to 7,470,972 and a maximum of 10,962,407.

The detailed analysis of the plans is shown in the tables of the incentive plans in the second part of this section. In the 2021 financial year, the percentage of fixed compensation out of the total remuneration of Key Managers with Strategic Responsibilities was 50% as shown in Table 1 (column 8) of the second part of this section.

APPLICATION OF THE WAIVER PROCEDURE FOR THE 2021 REMUNERATION POLICY

In 2021, the Company applied the waiver procedure provided for in the 2021 Remuneration Policy. After the preliminary examination of the Nomination and Remuneration Committee are, this procedure was proposed to the Board of Directors.

The reasons for this choice lie in the extraordinary complexity of the market scenarios in 2021 (not considered in the 2021 - 2023 plan), the failure to achieve the gate for access to payment of the MBO2021 bonus, and the recent start of the company's transformation and turnaround process following the renewal of the executive management.

For the reasons set out above, it was deemed appropriate to adopt a measure recognising qualified managerial resources who performed at a high level in 2021 and are more intensively involved in the transformation process underway, also in order to protect the company in terms of the retention of resources with strategic roles and at market risk.

Therefore, an extraordinary incentive system was put in place for a limited number of managers identified by the Group Chief Executive Officer, in agreement with the Department Managers and with the technical support of the HRO department. The identification criteria used were organisational (roles with a greater direct or indirect capacity to contribute to the business and roles with higher managerial relevance) and managerial (resources that stood out for the support they provided in 2021 and who are asked to make a significant and decisive contribution at this stage of the company in order to achieve the objectives outlined in the Strategic Plan). The evaluation of resources was measured through the achievement of individual objectives for 2021 and based on their involvement in the transformation process as well as on the retention needs of the resource itself.

The form of payment established is a lump sum, amounting to 50% of the target bonus, corresponding to the achievement of the minimum values set for each objective.

The number of beneficiaries of the remuneration manoeuvre is 57 Executives of the TIM Group, equal to 11% of the management. In the event of voluntary termination by 30 June 2023, the beneficiaries are required to repay the Company the amount paid.

The total cost to pay for the manoeuvre is 1,75 million euros.

ANNUAL CHANGE IN REMUNERATION AND PERFORMANCE

The table below compares, for the last three years, the annual change in the remuneration of the Chairman, the Chief Executive Officer, and the average remuneration, calculated on a full-time equivalent basis, of employees (excluding the Chief Executive Officer).

TIM S.p.A.	2021	% Change	2020	% Change	2019
Amounts expressed in thousands of euros					
Chairman's Remuneration ⁽¹⁾	600	0%	600	0%	600
Chief Executive Officer's Remuneration ⁽²⁾	1,284	-53%	2,759	-7%	2,972
Average remuneration of employees ⁽²⁾	41.2	2%	40.4	1%	40.2

(1) In 2019 the Chairman Salvatore Rossi held the office for the period 21.10 – 31.12.

(2) The values include variable compensation (when present) and staff incentive bonuses.

PERFORMANCE TIM Group (IFRS 16)	2021	% Change	2020
EBITDA Organic After Lease ⁽¹⁾	5,404	-11.6%	6,110
Equity Free Cash Flow After Lease	62	-96.2%	1,615
Adjusted Net Debt AL variation (% YoY)	-5.5%		-15.1%
Adjusted Net Debt AL / Organic EBITDA AL	3.3x		3.0x

(1) 2020 comparable EBITDA

Organic EBITDA after lease decreased by 11.6% as a result of a decrease in revenues mainly related to the exacerbation of the competitive context, also due to the delay of the phase 2 voucher plan, and the related impact on prices, as well as higher costs for contents, the start-up of digital companies and linked to compliance with the new regulations (Legislative Decree 207/2021).

Equity free cash flow amounted to 62 million euros (cash generation), with a reduction on the previous year due to the aforementioned organic EBITDA trend.

Net debt after lease reduced by 1 billion euros in 2021 (-5.5% compared to 2020), mainly due to the proceeds from the sale of 37.5% of FiberCop S.p.A. by TIM S.p.A. to the company indirectly controlled by KKR Global Infrastructure Investors III L.P. for a total of 1.8 billion euros.

As a result, the leverage ratio (Net Debt AL / Organic EBITDA AL ratio) stood at 3.3x.

REMUNERATION PAID IN 2021

TABLE 1: REMUNERATION PAID TO MEMBERS OF THE MANAGEMENT AND CONTROL BODY, GENERAL MANAGER AND EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

The remuneration due to all the individuals who, in FY 2021 or a part thereof, held the position of member of the management and control body, General Manager or Executive with Strategic Responsibilities (for this last category the information is shown in aggregate form) are shown below.

Board of Directors

(in thousands of euros)															
A		B	C	D	1	2	3			4	5	6	7	8	9
Variable remuneration non-equity													Proportion between fixed and variable remuneration (1)	Compensation for loss of office or termination of employment	
No tes	Name and surname	Position	Period of office (dd.mm)	Expiry of term of office (mm.yy)	Fixed compensation	Compensation for involvement in committees	Bonuses and other incentives	Profit sharing	Non-monetary benefits	Other compensation	Fair Value of compensation equity	TOTAL			
1	Salvatore Rossi	Chairman	01.01 31.12	12.23	600							600			
2	Luigi Gubitosi	Chief Executive Officer	01.01 26.11	12.23	1,284				16		1,566	2,866	45%/55%	6,936	
		Manager General													
		Director	27.11 17.12	12.23	5						5				
3	Pietro Labriola	General Manager	26.11 31.12	12.23	72				2			74			
4	Paolo Boccardelli	Director	31.03 31.12	12.23	75	63						138			
5	Paola Bonomo	Director	01.01 31.12	12.23	100	80						180			
6	Franck Cadoret	Director	01.01 31.12	12.23	100	6						106			
7	Paola Camagni	Director	31.03 31.12	12.23	75	44						119			
8	Maurizio Carli	Director	31.03 31.12	12.23	75	44						119			
9	Luca De Meo	Director	31.03 31.12	12.23	75	22						97			
10	Arnaud Roy de Puyfontaine	Director	01.01 31.12	12.23	100	6						106			
11	Cristiana Falcone	Director	31.03 31.12	12.23	75	44						119			
12	Federico Ferro Luzzi	Director	31.03 31.12	12.23	75	70						145			
13	Giovanni Gorno Tempini	Director	31.03 31.12	12.23	75	-						75			
14	Marella Moretti	Director	01.01 31.12	12.23	100	70						170			
15	Ilaria Romagnoli	Director	31.03 31.12	12.23	75	56						131			
16	Paola Sapienza	Director	31.03 31.12	12.23	75	44				4		123			
17	Afredo Altavilla	Director	01.01 31.03	12.20	25	15						40			
18	Giuseppina Capaldo	Director	01.01 31.03	12.20	25	16						41			
19	Maria Elena Cappello	Director	01.01 31.03	12.20	25	12						37			
20	Massimo Ferrari	Director	01.01 22.02	12.20	14	10						24			
21	Paola Giannotti	Director	01.01 31.03	12.20	25	16						41			
22	Lucia Morselli	Director	01.01 22.02	12.20	14	12						26			
23	Dante Roscini	Director	01.01 31.03	12.20	25	6						31			
24	Rocco Sabelli	Director	01.01 31.03	12.20	25	16						41			
25	Michele Valensise	Director	01.01 31.03	12.20	25	21						46			
Overall BoD (a)					3,239	673			18	4	1,566	5,500		6,936	

(1) Remuneration proportion: fixed out of total = columns (1+2+4+5)/7; variable out of total = columns (3+6)/7.

Board of Statutory Auditors

(in thousands of euros)

A	B	C	D	1	2	3	4	5	6	7	8	9
Note s	Name and surname	Position	Period of office (dd.mm)	Expiry of term of office (mm.yy)	Fixed comp ensati on	Variable remuneration non-equity			Fair Value of compensa tion equity	TOTAL	Proporti on betwee n fixed and variable remune ration	Compen sation for loss of office or terminati on of employ ment
						Compen sation for involvem ent in committ ees	Bonuses and other incentive s	Profit sharing				
25	Francesco Fallacara	Chairman	31.03 31.12	12.23	101					101		
26	Rocco Angelo Bonisconi	Statutory Auditor Regular	31.03 31.12	12.23	71					71		
27	Francesca di Donato	Statutory Auditor Regular	31.03 31.12	12.23	71				7	78		
28	Anna Doro	Standing Auditor	01.01 31.12	12.23	95				11	106		
29	Maximum Gambini	Statutory Auditor Regular	31.03 31.12	12.23	71					71		
30	Roberto Capone	Chairman	01.01 31.03	12.20	34					34		
31	Giulia De Martino	Standing Auditor	01.01 31.03	12.20	24					24		
32	Marco Fazzini	Standing Auditor	01.01 31.03	12.20	24					24		
33	Francesco Schiavone Panni	Standing Auditor	01.01 31.03	12.20	24				15	39		
Overall Board of Statutory Auditors (b)					515				33	548		

Key Managers with Strategic Responsibilities ⁽¹⁾

(in thousands of euros)

(in thousands of euros)														
	A	B	C	D	1	2	3	4	5	6	7	8	9	
							Variable remuneration non-equity							
						Compensation for involvement in commitments	Bonuses and other incentives	Profit sharing	Non-monetary benefits	Other compensation	Fair Value of compensation equity		Proportion between fixed and variable remuneration (2)	Compensation for loss of office or termination of employment
Note s	Name and surname	Position	Period of office (dd.mm)	Expiry of term of office (mm.yy)	Fixed compensation							TOTAL		
	Remuneration in the company drawing up the financial statements				5,005		588		237	-	4,576	10,406	50% - 50%	11,476 ⁽⁷⁾
	Remuneration from subsidiaries ⁽³⁾				570 ⁽⁴⁾		590 ⁽⁵⁾			300	1,006 ⁽⁶⁾	2,466	35% - 65%	
	Total Key Managers with Strategic Responsibilities (c)				5,575		1,178		237	300	5,582	12,872	46% -54%	11,476
	TOTAL REMUNERATION PAID (a+b+c)				9,329	673	1,178		255	337	7,148	18,920		18,412

(1) The remuneration refers to all the individuals who held the position of Key Managers with Strategic Responsibilities during the 2021 financial year, or any part thereof (15 managers); They do not include Andrea Rossini (hired on 21 February 2022) and Adrian Calaza (hired on 1 March 2022).

(2) Remuneration proportion: fixed out of total = columns (1+2+4+5)/7; variable out of total = columns (3+6)/7.

(3) The remuneration does not include that of Alberto Maria Griselli who was appointed CEO of TIM SA on 1 February 2022.

(4) The amount referring to the local work contract has been converted at the average exchange rate for 2021 at 31/12/2021 (Real/€ 6.35936).

(5) In the absence of the final figures of the local bonus relating to FY 2021, the value stated in the table has been estimated on the basis of pre-closing data and provision was made in the 2021 Financial Statements. This amount refers to 3,752,000 Reais converted into euros at the average exchange rate for 2021 at 31/12/2021 (Real/€6.35936).

(6) This amount refers to the equity compensation of local incentive plans based on financial instruments converted at the average exchange rate for 2021 at 31/12/2021 (Real/€ 6.35936).

(7) In this remuneration, the portion relating to non-competition plans amounts to 1.0 million euros, of which 875,000 euros will be paid in 2022.

- 1 **Salvatore Rossi – Chairman**
col. 1 The amount refers to the remuneration pursuant to article 2389, subsection 3, of the Italian Civil Code received for serving as Chairman for the period 01/01 - 31/12/2021. The Chairman does not receive remuneration for the office of Director or for his membership of the Strategy Committee (pursuant to Article 2389(l) of the Italian Civil Code).
- 2 **Luigi Gubitosi – Chief Executive Officer and General Manager**
col. 1 This amount includes remuneration for employment (€/000 1,193) for the office of General Manager as well as fixed remuneration pursuant to article 2389(3) of the Italian Civil Code (€/000 91) for the office of Chief Executive Officer. The Chief Executive Officer is not the recipient of remuneration for his office as a member of the Board of Directors (with the exception of the period from 27/11 to 31/12/2021), nor as a member of the Strategic Committee (pursuant to Article 2389, subsection 1, of the Italian Civil Code).
col. 3 The amount, paid pursuant to Article 2389, subsection 3 of the Italian Civil Code, as a "bonus" pertaining to the year was not paid following the failure to achieve the GATE TIM Group Ebitda target.
col. 6 This amount refers to the equity compensation of incentive plan based on financial instruments, posted in the financial statements and estimated in application of international accounting standards.
Column 9 Of this amount, 3.0 million euros refer to the Director relationship, 3.9 million euros to the employee relationship and 36,000 euros to the settlement
- 3 **Pietro Labriola – General Manager**
col. 1 The amount refers to the fixed compensation received for the office of General Manager for the period 01/01 - 31/12/2021.
- 4 **Paolo Boccardelli – Director**
col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
col. 2 The amount refers to remuneration received as member of the Control and Risk Committee (€/000 34), Chairman of the Related Parties Committee (€/000 7) and member of the Related Parties Committee (€/000 22).
- 5 **Paola Bonomo – Director**
col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
col. 2 The amount refers to remuneration received as Chairman of the Nomination and Remuneration Committee (€/000 7) for the period 01/04 - 31/12/2021, as member of the Nomination and Remuneration Committee (€/000 33), as a member of the Sustainability and Strategy Committee (€/000 6) for the period 01/01 - 31/03/2021 and as a member of the Control and Risk Committee (€/000 34) for the period 01/04 - 31/12/2021.
- 6 **Franck Cadoret – Director**
col. 1 The amount refers to the remuneration received as a member of the Board of Directors;
Column 2 The amount refers to the remuneration received as a member of the Sustainability and Strategy Committee for the period 01/01 - 31/03/2021.
- 7 **Paola Camagni – Director**
col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
col. 2 The amount refers to remuneration received as a member of the Nomination and Remuneration Committee (€/000 22) and as a member of the Sustainability Committee (€/000 22).
- 8 **Maurizio Carli – Director**
col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
col. 2 The amount refers to remuneration received as a member of the Nomination and Remuneration Committee (€/000 22) and of the Related Parties Committee (€/000 22).
- 9 **Luca De Meo – Director**
col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
col. 2 This amount refers to the remuneration received as member of the Nomination and Remuneration Committee.
- 10 **Arnaud Roy de Puyfontaine – Director**
col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
col. 2 The amount refers to the remuneration received as a member of the Sustainability and Strategy Committee for the period 01/01 - 31/03/2021.
- 11 **Falcone Cristiana – Director**
col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
col. 2 The amount refers to remuneration received as a member of the Related Parties Committee (€/000 22) and as a member of the Sustainability Committee (€/000 22).
- 12 **Federico Ferro Luzzi – Director**
col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
col. 2 The amount refers to remuneration received as Chairman of the Control and Risk Committee (€/000 14), member of the Control and Risk Committee (€/000 34) and member of the Sustainability Committee (€/000 22).
- 13 **Giovanni Gorno Tempini – Director**
col. 1 This amount refers to the remuneration received as a member of the Board of Directors
- 14 **Marella Moretti – Director**
col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
col. 2 This amount refers to the compensation received as a member of the Control and Risk Committee (€/000 45) and member of the Related Parties Committee (€/000 25).
- 15 **Ilaria Romagnoli – Director**
col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
col. 2 This amount refers to the compensation received as a member of the Control and Risk Committee (€/000 34) and member of the Related Parties Committee (€/000 22).
- 16 **Paola Sapienza – Director**
col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
col. 2 The amount refers to remuneration received as a member of the Nomination and Remuneration Committee (€/000 22) and as a member of the Sustainability Committee (€/000 22).

Column 5 The amount refers to the remuneration to be paid as Lead Independent Director. The accrual from 26/11 to 31/12/2021 will be paid in 2022

- 17 **Alfredo Altavilla – Director**
 col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
 col. 2 This amount refers to the compensation received as member of the Nomination and Remuneration Committee (€/000 10) and as Chairman of the Nomination and Remuneration Committee (€/000 5).
- 18 **Giuseppina Capaldo – Director**
 col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
 col. 2 This amount refers to the compensation received as member of the Related Parties Committee (€/000 6) and member of the Nomination and Remuneration Committee (€/000 10)
- 19 **Maria Elena Cappello – Director**
 col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
 col. 2 The amount refers to remuneration received as a member of the Related Parties Committee (€/000 6) and as a member of the Sustainability and Strategy Committee (€/000 6).
- 20 **Massimo Ferrari – Director**
 col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
 col. 2 This amount refers to the compensation received as member of the Strategies and Sustainability Committee (€/000 4) and member of the Control and Risk Committee (€/000 6).
- 21 **Paola Giannotti – Director**
 col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
 col. 2 This amount refers to the compensation received as member of the Control and Risk Committee (€/000 11) and Chairman of the Nomination and Remuneration Committee (€/000 5).
- 22 **Lucia Morselli – Director**
 col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
 col. 2 The amount refers to remuneration received as Chairman and member of the Related Parties Committee (€/000 6) and as a member of the Control and Risk Committee (€/000 6).
- 23 **Dante Roscini – Director**
 col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
 col. 2 This amount refers to the compensation received as member of the Related Parties Committee.
- 24 **Rocco Sabelli – Director**
 col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
 col. 2 This amount refers to the compensation received as member of the Sustainability and Strategies Committee (€/000 6) and member of the Nomination and Remuneration Committee (€/000 10)
- 25 **Michele Valensise – Director**
 col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
 col. 2 This amount refers to the compensation received as member of the Nomination and Remuneration Committee (€/000 10) and as member of the Control and Risk Committee (€/000 11)
- 26 **Francesco Fallacara – Chairman**
 col. 1 This amount refers to the remuneration received as Chairman of the Board of Statutory Auditors.
- 27 **Rocco Angelo Bonisconi – Standing Auditor**
 col. 1 This amount refers to the remuneration received as Standing Auditor.
- 28 **Francesca di Donato – Standing Auditor**
 col. 1 This amount refers to the remuneration received as Standing Auditor.
 Column 5 The amount refers to the remuneration received as Standing Auditor of the subsidiary Noovle S.p.A.
- 29 **Anna Doro – Standing Auditor**
 Column 1 This amount refers to the remuneration received as Standing Auditor.
 Column 5 The amount refers to the remuneration received as a member of the Supervisory Body 231 for the period 1 April to 31 December 2021
- 30 **Massimo Gambini – Standing Auditor**
 Column 1 This amount refers to the remuneration received as Standing Auditor.
- 31 **Roberto Capone – Chairman**
 col. 1 This amount refers to the remuneration received as Chairman of the Board of Statutory Auditors.
- 32 **Giulia De Martino – Standing Auditor**
 col. 1 This amount refers to the remuneration received as Standing Auditor.
- 33 **Marco Fazzini – Standing Auditor**
 col. 1 This amount refers to the remuneration received as Standing Auditor.
- 34 **Francesco Schiavone Panni – Standing Auditor**
 col. 1 1 This amount refers to the remuneration received as Standing Auditor;
 Column 5 This amount refers to the compensation received as Chairman of the Board of Statutory Auditors of the listed subsidiary Telecom Italia Sparkle S.p.A.

TABLE 3A: INCENTIVE PLANS BASED ON FINANCIAL INSTRUMENTS, OTHER THAN STOCK OPTIONS, FOR MEMBERS OF THE MANAGEMENT BODY AND KEY MANAGERS WITH STRATEGIC RESPONSIBILITIES

Date: 31/12/2021

Date: 31/12/2021										
In the company drawing up the financial statements						In subsidiaries and associates				
Name and surname	A	Luigi Gubitosi								TOTAL
Position	B	Chief Executive Officer		Key Managers with Strategic Responsibilities		Key Managers with Strategic Responsibilities				
Plan and respective resolution	1	Long Term Incentive 2020-2022	Long Term Incentive 2021-2023	Long Term Incentive 2020-2022	Long Term Incentive 2021-2023	Long Term Incentive 2018-2020 Grant 2019	Long Term Incentive 2018-2020 Grant 2020	Long Term Incentive 2021-2023 Grant 2021		
Financial instruments assigned in previous financial years not vested during the financial year	2	Number and type of financial instruments	8,000,000 ⁽¹⁾		18,359,994 ⁽¹⁾		118,207 ⁽³⁾	138,916 ⁽⁶⁾	26,617,117	
	3	Vesting Period	2020-2022		2020-2022		3 years ⁽⁴⁾	3 years ⁽⁴⁾		
Financial instruments assigned during the financial year	4	Number and type of financial instruments		6,666,665 ⁽²⁾		18,846,432 ⁽²⁾		869,177	26,382,274	
	5	Fair value on allocation date		€ 2,268,844		€ 7,470,243			€ 9,739,087	
	6	Vesting Period		2021-2023		2021-2023		3 years		
	7	Allocation date		28 April 2021		01/07/2021		05/05/2021		
	8	Market price on allocation		€ 0.4452		€ 0.4203		R\$ 12.95		
Financial instruments vested during the financial year and not assigned	9	Number and type of financial instruments								
Financial instruments vested during the financial year and assignable	10	Number and type of financial instruments					76,745 ⁽⁵⁾	89,822 ⁽⁷⁾	166,567	
	11	Value on vesting date					R\$ 11.32 (30 July 2021)	R\$ 12.28 (14 April 2021)		
Financial instruments for the year	12	Fair value	€ 1,108,325	€ 618,776	€ 3,353,020	€ 1,657,491	€ 90,819 (R\$ 577,550 / € 6.35936)	€ 164,045 (R\$ 1,043,223 / €6.35936)	€ 751,675 (R\$ 4,780,169 / €6.35936)	€ 7,744,151

- (1) Subject to the Gate condition and the ESG corrective. The number of rights has been determined with the normal value of the share* on 18 May 2020 (€ 0.35).
- (2) Subject to the Gate condition and the ESG corrective. The number of rights has been determined with the normal value of the share* on 31 March 2021 (€ 0.42).
- (3) Of the 221,638 shares granted in 2019, 51,715 became vested in the 2020 financial year and 51,716 became vested in the 2021 financial year and 118,207 remain unvested at the end of the period;
- (4) For the 2019 Grant, 30% of the shares have a vesting period of 3 years (restricted shares) and 70% (performance shares) have a gradual vesting period that is completed in 3 years. For the 2020 Grant and the 2021 Grant all shares have a gradual vesting period that is completed in 3 years.
- (5) Of the total of 76,745 shares transferred, 51,716 correspond to the original volume that became vested, 19,289 additional shares are due to achievement of the performance level and 5,740 to dividends paid in additional shares;
- (6) Of the 208,374 shares assigned in 2020, 69,458 became vested during the 2021 financial year and 118,552 remained unvested at the end of the period;
- (7) Of the total of 89,822 shares transferred, 69,548 correspond to the original volume that became vested, 17,364 additional shares are due to achievement of the performance level and 3,000 to dividends paid in additional shares;
- (*) Normal value of the share: Arithmetic mean of the official prices of the Shares recognized starting from the stock market trading day prior to that of assignment until the thirtieth previous ordinary calendar day (both included) on the Electronic Share Market managed by Borsa Italiana S.p.A., calculated using only the days to which the prices taken as the basis of calculation refer as the divisor, cut off at the second decimal.

TABLE 3B: MONETARY INCENTIVE PLANS FOR MEMBERS OF THE MANAGEMENT BODY AND KEY MANAGERS WITH STRATEGIC RESPONSIBILITIES

(Amounts in thousands of EUR)

A	B	1	2			3			4
Name and surname	Position	Plan	Bonus for the year			Bonus for previous years			Other Bonuses
			(a)	(b)	(c)	(a)	(b)	(c)	
			Payable/ Paid	Deferred	Deferral period	No longer payable	Payable/ Paid	Still Deferred	
Luigi Gubitosi	CEO	MBO 2021 BoD Resolution 28 April 2021	-						
Key Managers with Strategic Responsibilities									
Remuneration in the company drawing up the financial statements		MBO 2021 07/06/2021	-						
									588 (1)
Remuneration in subsidiaries and associates		MBO 2021 05/05/2021	590 (2)						
TOTAL			590						588

- (1) Bonuses linked to performance conditions, retention bonuses, covering the effects of grossing up the contributions and taxes on subsistence expenses and bonuses linked to the application of the 2021 remuneration policy waiver procedure (pro-rata amounts based on the period for the role);
- (2) In the absence of the final figures of the local bonus relating to FY 2021, the value stated in the table has been estimated on the basis of pre-closing data and provision was made in the 2021 Financial Statements. This amount refers to 3,752,000 Reais converted into euros at the average exchange rate for 2021 at 31/12/2021 (Real/€6.35936).

CHART NO. 7-TER CHART CONTAINING INFORMATION ON THE SHAREHOLDINGS OF MEMBERS OF THE MANAGEMENT AND CONTROL BODIES, THE GENERAL MANAGER AND EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

The table below shows the shareholdings held by all the individuals who during the financial year 2021, or a part thereof, held the position of member of the Board of Directors, of member of the Board of Statutory Auditors, General Manager or Executive with strategic responsibilities (for this last category the information is shown in aggregate form).

Name and surname	Position	Investee Company	Category of shares	Number of shares owned at the end of the previous financial year (or on the date of appointment)	Number of shares bought during the financial year	Number of shares sold during the financial year	Number of shares owned at the end of the financial year (or on the date of termination of office if earlier)
Board of Directors							
Salvatore Rossi	Chairman						
Luigi Gubitosi	Chief Executive Officer	TIM S.p.A.	Ordinary	2,000,000	1,957,152		3,957,152
Paolo Boccardelli	Director						
Paola Bonomo	Director						
Franck Cadoret	Director	TIM S.p.A.	Ordinary	20,000	7,000		13,000
Paola Camagni	Director						
Maurizio Carli	Director	TIM S.p.A.	Ordinary		252,525		252,525
Luca De Meo	Director						
Arnaud Roy de Puylfontaine	Director						
Cristiana Falcone	Director						
Federico Ferro Luzzi	Director						
Giovanni Gorno Tempini	Director						
Marella Moretti	Director						
Ilaria Romagnoli	Director						
Paola Sapienza	Director						
Alfredo Altavilla	Director						
Giuseppina Capaldo	Director						
Maria Elena Cappello	Director	TIM S.p.A.	Ordinary		280,000		280,000
Massimo Ferrari	Director	TIM S.p.A.	Ordinary	90,000	430,000		520,000
		TIM S.p.A.	Savings	46,000			46,000
Paola Giannotti	Director						
Lucia Morselli	Director						
Dante Roscini	Director						
Rocco Sabelli	Director	TIM S.p.A.	Ordinary		500,000		500,000
Michele Valensise	Director	TIM S.p.A.	Ordinary	30,000			30,000
Pietro Labriola	General Manager	TIM S.A.		111,269	166,567*		277,836**
Board of Statutory Auditors							
Francesco Fallacara	Chairman						
Angelo Rocco Bonisconi	Standing Auditor						
Francesca di Donato	Standing Auditor						
Anna Doro	Standing Auditor						
Massimo Gambini	Standing Auditor						
Roberto Capone	Chairman						
Giulia De Martino	Standing Auditor						
Anna Doro	Standing Auditor						
Marco Fazzini	Standing Auditor						
Francesco Schiavone Panni	Standing Auditor						
Key Managers with Strategic Responsibilities							
		TIM S.p.A.	Ordinary	884,597	1,584,642	9,922	2,459,317***
15			Savings	1,650	=	=	1,650****

* Shares obtained through the conversion of stock options received from the company TIM S.A.

**Shares listed on the NYSE and BOVESPA markets.

***Of which number of shares, 7,153, held by spouse not legally separated

**** Held by spouse not legally separated

APPENDIX – TABLE OF REMUNERATION PLANS

REMUNERATION PLANS BASED ON FINANCIAL INSTRUMENTS TABLES NO.1 OF CHART 7 OF APPENDIX 3A OF THE REGULATIONS NO.11971/1999

Long Term Incentive 2021-2023

Date: 31/12/2021

Name or category	Position	FRAMEWORK 1						
		Financial instruments other than stock options						
		Section 1						
		Instruments relating to currently valid plans, approved on the basis of previous resolutions of the Shareholders' Meeting						
		Date of resolution by the Shareholders' Meeting	Type of financial instruments	Number of financial instruments allocated	Allocation date	Purchase price, if applicable, of the instruments	Market price on date of allocation	Vesting Period
Luigi Gubitosi	Chief Executive Officer	31/03/2021	Performance Share	6,666,665 ⁽¹⁾	28 April 2021	N.A.	€ 0.4452	2021/2023
Key Managers with Strategic Responsibilities		31/03/2021	Performance Share	18,846,432 ⁽¹⁾	01/07/2021	N.A.	€ 0.4203	2021/2023

(1) Subject to the Gate condition and the ESG corrective.