



REPORT ON CORPORATE GOVERNANCE AND SHARE OWNERSHIP

FINANCIAL YEAR 2021

Pursuant to art. 123-bis of legislative decree no. 58 of 24 February 1998 (CLF)

This document was approved by the Board of Directors on 2 March 2022 and is available on the Company's website www.gruppotim.it

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General Administration and Secondary Office in Rome at Corso d'Italia 41
PEC (Certified electronic mail) box: telecomitalia@pec.telecomitalia.it
Share capital 11,677,002,855.10 euros fully paid-up
Tax Code/VAT Registration Number and
Milan Monza-Brianza Lodi Business Register Number 00488410010

CONTENTS

Glossary	Page	5
Introduction	Page	6
1. Issuer Profile	Page	6
2. Information on share ownership (pursuant to art. 123 bis CLF) at 31 December 2021	Page	7
a) Share capital structure	Page	7
b) Restrictions on transfer of securities	Page	7
c) Major holdings in share capital	Page	7
d) Securities that confer special rights	Page	7
e) Employee shareholdings: mechanism for exercising voting rights	Page	7
f) Restrictions on voting rights	Page	7
g) Shareholders' agreements	Page	8
h) Change of control clauses and statutory provisions on takeover bids	Page	8
i) Authorisations to increase share capital and share buy-back	Page	9
j) Direction and coordination	Page	9
k) Special powers of the State	Page	9
3. Compliance	Page	10
4. Board of Directors	Page	11
4.1 Role of the Board of Directors	Page	11
4.2 Appointment and replacement	Page	12
4.3 Composition	Page	13
4.4 Functioning of the Board of Directors	Page	15
4.5 Role of the Chairman of the Board of Directors	Page	16
4.6 Executive Directors	Page	17
4.7 Independent directors and Lead Independent Director	Page	17
5. Management of corporate information	Page	19
6. Internal Board Committees	Page	20
7. Self-assessment and succession of directors - Nomination and Remuneration Committee	Page	22
7.1 Self-assessment and succession of directors	Page	22
7.2 Nomination and remuneration committee	Page	23
8. Remuneration of Directors - Remuneration Committee	Page	25
8.1 Remuneration of Directors	Page	25
8.2 Remuneration Committee	Page	25
9. Internal control and risk management system - Control and Risk Committee	Page	26

9.1	Chief Executive Officer	Page	29
9.2	Control and Risk Committee	Page	29
9.3	Head of the Internal Audit Department	Page	30
9.4	Organizational model pursuant to legislative decree 231/2001	Page	31
9.5	Independent Auditor	Page	32
9.6	Executive responsible for preparing the corporate accounting documents and other corporate roles and functions	Page	33
9.7	Coordination of subjects involved in the internal control and risk management system	Page	33
10.	Interests of Directors and transactions with related parties	Page	35
11.	Board of Statutory Auditors	Page	37
11.1	Appointment and replacement	Page	37
11.2	Composition and operation	Page	37
12.	Relations with Shareholders	Page	40
13.	Shareholders' Meetings	Page	41
14.	Further corporate governance practices	Page	42
15.	Changes since the end of the reference year	Page	42
16.	Considerations on the letter from the Chairman for Corporate Governance Committee	Page	42
TABLES			
Table 1 -	Information on share ownership	Page	43
	Share capital structure up to 31 December 2021	Page	43
	Other financial instruments (attributing the right to subscribe newly issued shares)	Page	43
	Significant shareholdings as at 31 December 2021	Page	43
Table 2 –	Structure of the Board of Directors at the end of the financial year	Page	44
Table 3 –	Structure of Board committees at the end of the financial year	Page	46
	Offices held by the Directors	Page	48
Table 4 -	Structure of the Board of Statutory Auditors at the end of the financial year	Page	49

GLOSSARY

Sustainability Report: the document approved annually by the Board of Directors of the Company and based on the Sustainability Reporting Guidelines of the Global Reporting Initiative, containing the consolidated non-financial statement of TIM S.p.A., pursuant to legislative decree no. 254/2016.

Code/CG Code: the Corporate Governance Code for listed companies approved in January 2020 by the Corporate Governance Committee.

Civ.cod/ c.c.: the Italian civil code.

Committee/CG Committee/Corporate Governance Committee: the Italian Committee for the Corporate Governance of listed companies, promoted, in addition to Borsa Italiana S.p.A., by ABI, Ania, Assogestioni, Assonime and Confindustria.

Board: the Board of Directors of the Issuer.

Financial year: the financial year ending 31 December 2021.

Corporate Governance Principles: the document containing the rules established by the Board of Directors of TIM S.p.A. in order to supplement and complete the provisions of the CG Code to which the Company adheres (available at <https://www.gruppotim.it/en/group/governance/governance-tools/other-codes-procedures.html>)

Consob Issuers' Regulation: the Regulations issued by Consob with resolution no. 11971 of 1999 (as subsequently amended) on the subject of issuers.

Consob Related Party Regulations: the Regulations issued by Consob with resolution no. 17221 of 12 March 2010 (as subsequently amended).

Report: the report on corporate governance and share ownership drawn up pursuant to art. 123-bis CLF.

Remuneration Report: the report on the remuneration policy and compensation paid drawn up pursuant to Article 123-ter of the Consolidated Law on Finance and Article 84-quater of the Consob Regulation on Issuers.

Consolidated Law on Finance/CLF: Legislative Decree no. 58 of 24 February 1998 (as subsequently amended)

TIM, Telecom Italia, Issuer or Company: Telecom Italia S.p.A., also called TIM S.p.A, an Italian joint stock company, with registered office in Milan at Via Gaetano Negri 1, and General Administration and Secondary Office in Rome at Corso d'Italia 41 – Corporate Website www.gruppotim.it Commercial Website www.tim.it

INTRODUCTION

TIM adheres to the Corporate Governance Code; the failure or partial alignment to specific provisions thereof is illustrated in the section of the Report which deals with the governance practice otherwise applied by the Company.

The information contained in the Report relates to the financial year 2021 or, where indicated, to the date of the meeting of the Board of Directors which approved it 2 March 2022.

For details on compensation, please refer to the Remuneration Report; with regard to social responsibility, please refer to the Sustainability Report.

1. ISSUER PROFILE

TIM S.p.A. is a company established under Italian law that heads the TIM Group, a *leader* in Italy and Brazil in the ICT sector. TIM develops fixed, mobile, *cloud* and *data centre* infrastructures and offers services and products for communications and entertainment, placing itself at the forefront of digital technologies.

The TIM Group uses specialised *factories* that offer integrated digital solutions for households, businesses and public administrations, also in *partnership* with leading groups: Noovle is TIM's cloud company, Olivetti is the digital hub focusing on the development of Internet of Things solutions, Telsy operates in the cybersecurity sector and Sparkle builds and provides international infrastructure and services. In Brazil, TIM Brasil is one of the main players in the communications market and a leader in 4G coverage.

In developing its business, the Group has adopted environmental protection and social inclusion objectives with the aim of achieving a concrete and relevant impact and becoming carbon neutral by 2030.

Since 2020, TIM has incorporated sustainable development into its long-term strategy, setting environmental, social and governance objectives and integrating them with the other objectives of the Business Plan.

The projects activated to achieve these goals contribute to the implementation of most of the Sustainable Development Goals of the United Nations 2030 Agenda.

In terms of governance of the company's ESG commitment, there is a board committee, chaired by the Chairman of the Company, with investigative and advisory functions, and a managerial committee, chaired by the CEO, with the task of strengthening operational synergies between the technological, business and staff functions of the Group companies. (see section on Committees).

As a listed issuer, TIM publishes its non-financial statement pursuant to Legislative Decree No. 254/2016 on a mandatory basis; the report for the 2021 financial year is available at <https://www.gruppotim.it/en/sustainability.html>.

TIM falls within the CG Code's definitions of a "large company" because its capitalisation was greater than €1 billion on the last trading day of each of the three calendar years 2019-2021.

TIM does not fall within the definition of a "concentrated ownership company", as there are no shareholders who, individually or by being part of an agreement, hold - directly or indirectly - the majority of votes exercisable at the ordinary shareholders' meeting.

2. INFORMATION ON SHARE OWNERSHIP AT 31 DECEMBER 2021

a) Share capital structure (pursuant to Article 123-bis, paragraph 1, letter a), of the Consolidated Law on Finance)

The structure of the subscribed and paid-up share capital, amounting to 11,677,002,855.10 euros at 31 December 2021, is set out in Table 1 – Information on share ownership.

In implementation of the resolutions passed by the Shareholders' Meeting on 23 April 2020, the last phase of the 2020 Broad-Based Share Ownership Plan was completed on 3 December 2021 by means of the allotment of 38,604,270 TIM ordinary shares free of charge to employees who had subscribed to the subscription offer held in 2020, on the basis of which 126,343,913 TIM ordinary shares were issued (representing 99.09% of the total shares offered), without an increase in share capital. The free allotment of ordinary shares to the employees subscribing to the paid share issue and who retained their participation for one year was fully satisfied through the sale of treasury shares held by TIM. For further information regarding the 2020 Broad-Based Share Ownership Plan, please refer to the note "Share-based compensation plans" in the separate financial statements of the Company as of 31 December 2020 (for the paid offer phase) and in the separate financial statements of the Company as of 31 December 2021 (for the free allocation phase) as well as to the specific information document, which can be consulted on the website www.gruppotim.it, Investors section, *Shares/AGM and Shareholders' Meetings/2020 channel*.

In implementation of the resolutions passed on 24 April 2018 by the Shareholders' Meeting of TIM S.p.A., the 2018 managerial equity Long Term Incentive Plan was implemented during the first quarter of 2021 by means of the free allocation to eligible beneficiaries of 6,715,617 TIM ordinary shares with no par value, which was fully satisfied by the sale of treasury shares held in TIM's portfolio.

For information on the 2020-2022 Long-Term Incentive Plan, please refer to the note "Share-based compensation plans" in the Company's separate financial statements as of 31 December 2021 and to the specific information document available at <https://www.gruppotim.it/it/gruppo/governance/remunerazione/documenti.html>.

The issuance documentation of the convertible bond entitled "€2,000,000,000 1.125 per cent. Equity-Linked Bonds due 2022" is available at https://www.gruppotim.it/en/investors/debt-rating/financial-profile/telecom_italia/XS1209185161.html.

b) Restrictions on the transfer of securities (pursuant to Article 123-bis, paragraph 1, letter b) of the Consolidated Law on Finance)

There are no limitations under the Company By-laws on the transfer of securities issued by the Company. For a description of the special powers of the State, please refer to the following letter k) ("Special powers of the State").

c) Major holdings in share capital (pursuant to Article 123-bis, paragraph 1, letter c) of the Consolidated Law on Finance)

Significant holdings in the ordinary capital of TIM are shown in Table 1 – Information on share ownership.

d) Securities conferring special rights (pursuant to Article 123-bis, paragraph 1, letter d) of the Consolidated Law on Finance)

The By-laws do not envisage shares with multiple or enhanced voting rights, and the Company does not issue securities that confer special control rights.

For a description of the special powers of the State, please refer to the following letter k) ("Special powers of the State").

e) Employee shareholdings: mechanism for exercising voting rights (pursuant to Article 123-bis, paragraph 1, letter e) of the Consolidated Law on Finance)

There are no specific procedures or limits to the exercise of voting rights for shares arising from employee share plans.

f) Restrictions on voting rights (pursuant to art. 123-bis, paragraph 1, letter f) of the Consolidated Law on Finance)

There are no restrictions on voting rights of shares constituting the ordinary share capital of TIM. Savings shares are granted the right to vote only at the special shareholders' meetings for that class of shares.

For a description of the special powers of the State, please refer to the following letter k) ("Special powers of the State").

g) Shareholders' agreements (pursuant to Article 123-bis, paragraph 1, letter g) of the Consolidated Law on Finance)

The Company is not aware of any shareholders' agreements pursuant to article 122 of the CLF.

h) Change of control clauses (pursuant to Article 123-bis(1)(h) of the Consolidated Law on Finance) and statutory provisions on takeover bids (pursuant to Articles 104, paragraph 1-ter and 104-bis, paragraph 1)

In a series of agreements to which TIM and/or its subsidiaries are party, a change of control means an amendment or extinction of the relationship. The situations not subject to contractual confidentiality constraints in which the change of control is significant are reported below.

Regarding the financing relationships set out below:

- *Facility Agreement* signed with Banco Santander SA on July 31, 2019, for 250 million euros expiring on July 31, 2023;
- *Facility Agreement* entered into with Commerzbank AG on 14 December 2021, in the amount of 150 million euros and expiring on 23 December 2023;
- *Facility Agreement* signed with Intesa Sanpaolo S.p.a. on March 25, 2021, for 500 million euros expiring on March 25, 2024;
- *Facility Agreement* entered into with Banca Nazionale del Lavoro on 12 October 2021, in the amount of 100 million euros and expiring on 28 October 2024;
- *Facility Agreement* entered into with Bank of America Merrill Lynch on 26 February 2019 and amended on 21 May 2021, in the amount of 100 million euros and expiring on 21 May 2025;
- *Schuldschein Agreement* entered with Unicredit Bank AG and BNP Paribas on 29 October 2019, in the total amount of 250 million euros, of which 229 million euros mature on 29 October 2023 and 21 million euros mature on 29 October 2025;
- *Sustainability Revolving Credit Facility* entered into with a syndicate of banks on 16 January 2018 and subsequently extended and amended on 13 May 2021, in the amount of 4 billion euros maturing on 13 May 2026, which is currently undrawn;
- *Facility Agreement* entered into by the subsidiary FiberCop with a syndicate of banks on 23 December 2021, in the amount of 1.5 billion euros and maturing on 23 December 2026,

in the event of change of control, the bank (or the agent, on behalf of the financing banks) will negotiate in good faith the terms for continuing the relationship within a period of 30 days, at the end of which a bank with which agreement has not been reached may ask for reimbursement for the quota of financing it provided, and/or the cancellation of the quota relating to its commitment. With the exception of the *Facility Agreement* entered into by the subsidiary FiberCop, there is no conventional *change of control* clause in the aforementioned financing agreements in the event that control is acquired (i) by shareholders who, at the date the agreement is signed, directly or indirectly held a percentage of voting rights at the Shareholders' Meeting determined in the individual agreements, or (ii) by the majority shareholder, directly or indirectly, or by any entity in which the shareholder holds an interest or is controlled by the shareholder at the date the agreement is signed, or (iii) by a combination of parties belonging to the two previous categories.

Compliance with the following ISDA Master Agreements signed by TIM and/or its subsidiaries with:

- Bank of China, with which there are currently no underlying contracts,
 - JP Morgan, with which there are currently no underlying contracts,
 - Morgan Stanley, with which there are currently no underlying contracts,
 - Merrill Lynch International, whose underlying contracts expire on November 15, 2033 and a total notional amount of 173 million euros,
 - SMBC (Sumitomo Mitsui Banking Corporation) whose underlying contracts expire on September 30, 2034 and a total notional amount of 181 million euros, and
 - Natixis, whose underlying contracts expire finally on July 18, 2036 and a total notional amount of 379 million euros,
 - UniCredit, whose underlying contracts expire on July 18, 2036 and a total notional amount of 1.95 billion euros,
- if a change of control event occurs, giving rise to a substantial worsening of the Company's credit rating, the counterparty is entitled to terminate the contracts with twenty day notice.

The regulations of the fixed rate equity-linked loan, optionally convertible into newly issued ordinary TIM shares (Equity linked Bond - Convertible), issued by TIM in 2015, for 2 billion euros, with maturity March 2022, envisage that the bond-

holders have the right to request, within the 60 days following the communication of the change of control, alternatively, (i) the conversion, or (ii) the repayment in cash of the par value of the loan and the accrued interest. No change of control arises if control is acquired (i) by shareholders who, at the date of issuing the loan, held more than 13% of voting rights at the shareholder's meeting, directly or indirectly, or (ii) by the parties to the Telco shareholder's agreement (now no longer in force: Generali Group, Mediobanca S.p.A., Intesa Sanpaolo S.p.A. and Telefónica S.A.), or (iii) by a combination of parties belonging to these two categories.

As regards relations with the European Investment Bank (EIB), in contracts entered into in 2015, 2019 and 2021, for a total amount of 1,200 million euros, the obligation was specified for TIM to notify the EIB immediately of any substantial change in the Company Bylaws or its share ownership; in the event of omission of such communication termination of the contract is provided for, after refrain notice. If a change of control should occur, the bank is entitled to request early repayment of the loan, after the expiry of a period within which any consultations that might be requested of the EIB are to be held. There is no change of control if control is acquired directly or indirectly by: (i) any shareholder of TIM which at the date of the contract should hold, directly or indirectly, at least 13% of the rights to vote in an ordinary shareholders' meeting, or (ii) any shareholder which at the date of the contract should hold, directly or indirectly, the majority of the rights to vote in the ordinary shareholders' meeting.

The requirement to disclose a change of control is also governed by Decree-Law No. 21 of 15 March 2012, converted with amendments by Law No. 56/2012 (the "Golden Power Decree"), setting out rules on special powers over corporate structures in the defence and national security sectors, as well as for activities of strategic importance in the energy, transport and communications sectors.

The By-laws do not contain derogations of the regulations on the passivity rule, nor of the so-called neutralisation rules in the case of public offerings to purchase or exchange securities issued by TIM.

i) Authorisation to increase share capital and authorisations to purchase treasury shares (pursuant to Article 123-bis, paragraph 1, letter m), Consolidated Law on Finance)

There are no authorizations to increase the share capital, nor to purchase treasury shares. The Board of Directors cannot issue equity instruments.

TIM holds 115,942,196 ordinary treasury shares.

j) Direction and coordination activities (pursuant to Article 2497 et seq. of the Italian Civil Code)

TIM is not subject to direction and coordination pursuant to Article 2497 and subsequent articles of the Italian Civil Code.

k) Special powers of the State

The issue of the so-called "Golden Power" Decrees, (reference to Decree Law 21/2012 converted with amendments by law 56/2012) aimed at granting the State special powers over corporate structures in the defence and national security sectors, as well as on activities of strategic importance in the telecommunications sector, constituted a new step in the public-private relationship.

In short, the ruling of the Presidency of the Council of Ministers on 28 September 2017 declared the strategic importance of some of TIM's assets, as a company which:

- performs "activities of strategic importance for the national security and defence system" (as per article 1 of the Golden Power Decree) and
- possesses networks and equipment "necessary to ensure the minimal supply and operation of essential public services" and goods and relationships of "strategic relevance for the national interest" in the communications sector (as specified in art.2 of the same Golden Power Decree).

The regulatory framework relating to TIM is characterised by an initial phase in which the Prime Ministerial Decrees of 16 October and 2 November were issued in 2017. The rules were then supplemented by Law No. 41 of 20 May 2019, which introduced a number of additional measures, relating to broadband electronic communication services based on 5G technology.

With an Order made on October 16, 2017 the Presidency of the Council of Ministers exercised the special powers prescribed in article 1 of the Golden Power Decree through the imposition of specific prescriptions and conditions applicable to TIM and its subsidiaries Sparkle and Telsy. These are corporate governance and organisation measures; in particular, imposing the presence of a Security Director on the Board of Directors - a figure which currently coincides with that of the Chief Executive Officer - (with Italian citizenship and a security qualification) and the establishment of a Security Organisation. This last, directed by the Security Officer, undertakes activities that are relevant for national security and is involved in all decision-making processes relating to strategic activities and the network.

TIM, Sparkle and Telsy must also provide prior information (i) on every decision that might, inter alia, reduce or transfer technological, operational or industrial capacity in strategic activities and (ii) on corporate decisions (such as appointments and disposals) and provide information on development, investment and maintenance plans for networks and plants in order to preserve their functionality and integrity. There is also an obligation to report every action by the company that could have an impact on their security, availability and functioning.

With the measure of 2 November 2017, the Presidency of the Council of Ministers imposed further prescriptions and conditions regarding TIM, in order to ensure the continuity, security and integrity of the universal service, exercising the special powers provided for in Article 2 of the Golden Power Decree.

Completing the framework of Rulings issued with regard to TIM, following Law no.41/2019 (exercise of special State powers with reference to the provision of 5G technology with non-European production), which recognises communication services as activities of strategic importance for defence and national security, the Legislator ordered that specific requirements regarding TIM be issued with the subsequent transposition decrees of 5 September 2019, 6 July 2020 and 7 August 2020. However, as a result of the strategic-industrial choice made and the right to withdraw from the non-European supplier previously used for these supplies, TIM's obligations under these decrees effectively lapsed in May 2021.

Still on the subject of Golden Power, by Decree of 16 November 2020, following the notification submitted by TIM regarding the corporate transaction involving FiberCop S.p.A., the Presidency of the Council of Ministers exercised its special powers by imposing specific prescriptions. These prescriptions refer to the networks and plants included in the business branch transferred to FiberCop, requiring adoption of adequate development, investment and maintenance plans needed to ensure their operation and integrity; to guarantee universal service continuity and to satisfy the needs and requirements of general interest in the medium and long term, also considering the technological evolution and the standards used in European networks.

The Government measure on the matter of valorising strategic assets for the purposes of National Security was further strengthened by Law no. 133 of 18 November 2019, in which the National Cyber Security Perimeter (Perimeter) was established.

As provided for by art. 1, subsection 1, the measure intends to "ensure a high level of security of networks, information systems and IT services of public administrations, public and private bodies and operators located in the national territory, on which the exercise of an essential State function or the provision of a service essential for the maintenance of civil, social or economic activities, fundamental for the interests of the State depends and the malfunctioning, interruption, even partial, or improper use of which could damage national security".

Pursuant to this legislation, on 30 July 2020, Prime Ministerial Decree No. 131 was issued, which:

- regulates the methods and criteria for identifying public and private entities included in the Perimeter;
- defines the criteria for preparing and updating the list of pertinent networks, IT systems and services.

Subsequently, further implementing decrees containing provisions on the National Cyber Security Perimeter were issued, including Decree-Law No. 82 of 14 June 2021, which established the National Cyber Security Agency to protect national interests for security in cyberspace.

3. COMPLIANCE (pursuant to art. 123-bis, paragraph 2, letter a), first part, Consolidated Law on Finance)

TIM is a limited company with registered office in Italy, subject to Italian and European Community law. In relation to the listing on the stock exchange of some of the financial instruments issued, it has to comply with the corresponding regulations.

TIM adheres to Borsa Italiana's Corporate Governance Code, which is available to the public on the Corporate Governance Committee's website at <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020eng.en.pdf>.

TIM does not adhere to any other corporate governance code of conduct.

At 31 December 2021 the subsidiaries of TIM include the TIM Brasil Group companies, of which TIM S.A. is a company registered and listed in Brazil, and also registered with the US Securities and Exchange Commission and listed on the New York Stock Exchange.

The corporate governance structure of TIM is not affected by the legal provisions governing TIM S.A..

4. BOARD OF DIRECTORS

4.1 Role of the Board of Directors

The Board of Directors plays a role of strategic guidance and supervision, pursuing the main objective of creating value for shareholders in the medium-long term, also taking into account the legitimate interests of the other stakeholders, with a view to sustainable success of the business.

The Board, in accordance with the Group Regulation available at <https://www.gruppotim.it/en/group/governance/governance-tools/regulations.html>:

- exercises, at the top, an activity of directing, coordinating, monitoring and auditing in relation to the strategy and governance of the Group as a whole;
- is the recipient of appropriate information flows on the operating performance and on the organizational, administrative and accounting structure of TIM (including through transmission of changes in the organizational chart, up to the second reporting level of the Executive Directors) and of the strategically relevant subsidiaries;
- decides directly on transactions of major significance for TIM and on transactions by subsidiaries that have significant strategic, economic, capital or financial importance for the Group.

The general performance is assessed from time to time in the various meetings and, specifically, also when examining financial reports, with a detailed comparison of the results obtained and the budget targets.

The Board has long been engaged in a dialogue with shareholders and other relevant stakeholders, in particular by approving the TIM Engagement Policy at the end of 2020 (available at <https://www.gruppotim.it/en/group/governance/governance-tools/other-codes-procedures.html>); further information on general relations with shareholders is provided in paragraph 16 below.

In addition to the matters reserved to the Board in accordance with the law, the Bylaws and the Corporate Governance Principles, which the Company has adopted, at the date of approval of the Report, the following transactions are reserved to the Board:

- partnerships, joint ventures, shareholders' agreements with respect to investee companies which, by virtue of the purpose, commitments, conditions, or limits that may result therefrom, have a lasting impact on the freedom of TIM's strategic entrepreneurial choices, unless they are transactions or agreements already included in analytical and definitive terms in the Strategic Plan and/or annual budget approved by the Board of Directors and in force from time to time, or for amounts other than those provided for therein, which fall within the competence of the Chief Executive Officer;
- investments and disinvestments, including - merely by way of example and without limitation - deeds of purchase and disposals of equity investments, companies or branches of companies that are strategically important in the context of the overall business activity, unless they are transactions already included in analytical and definitive terms in the Strategic Plan and/or the annual budget approved by the Board of Directors and in force from time to time, or for amounts other than those envisaged therein, provided that, considered individually, they are worth more than 50 million euros, as well as transactions that may entail, in their performance or at their end, commitments, and/or deeds of purchase and/or acts of disposal of such nature and extent;
- taking out of loans, considered individually, for amounts exceeding 350 million euros; disbursement of loans and issuance of guarantees, considered individually, for amounts exceeding 100 million euros; as well as transactions which, in their execution or upon their completion, may involve undertakings and/or deeds of this nature and extent;
- any transaction the equivalent-value of which is 5% or more of the equity or (if more) of the capitalisation of the Company at the close of the last day of trading in the reference period of the most recent periodic accounting document released;
- appointments, at the proposal of the Chief Executive Officer and subject to the opinion of the Nomination and Remuneration Committee, of executive directors (or equivalent positions) and non-executive directors and members of the board of statutory auditors of current or future subsidiaries identified by the Board as strategic, including - by way of example - the companies TIM Brasil S.A., Noovle S.p.A, Fibercop S.p.A. and Telecom Italia Sparkle S.p.A..

The above represents the situation defined at the time of the appointment of the Chief Executive Officer in office at the date of approval of the Report, Pietro Labriola (21 January 2022), following the articulated succession process initiated following the termination of his predecessor, Luigi Gubitosi, on 26 November 2021. Previously, the matters reserved for the Board of Directors were those set out in the law, the bylaws and the corporate governance principles.

For the rest, during the 2021 financial year, the Board did not deem it necessary to change the Company's governance structure (traditional model based on the Board of Directors, which comprises a number of internal committees, and the Board of Statutory Auditors), nor did it consider it necessary to change the policy for managing dialogue with shareholders in general, for which a specific Engagement Policy was adopted at the end of 2020.

Further details of the Board's powers regarding composition, operation, appointment and self-evaluation; remuneration policy; internal control and risk management system are provided in the following sections of this Report.

During the 2021 financial year, the Shareholders' Meeting renewed the administrative body (31 March 2021). Prior to this, the Board of Directors was engaged - in addition to monitoring and directing the business - in the renewal process itself (by preparing and presenting, for the first time in TIM, its own list of candidates), in business planning activities (2021-2023 cycle), in finalising the remuneration policy for 2021, in preparing the financial and non-financial reporting documents for the 2020 financial year. Following its renewal, the Board of Directors defined its initial internal organisational structure (which it then began to revise in the latter part of the year, with a process that was completed when the current CEO was appointed: 21 January 2022), also taking a series of important organisational decisions in terms of control structures and in particular: appointment of the new Head of Audit, integration of the already separate IT & Security Compliance department into a single Compliance Department, appointment of the new Data Protection Officer, review of Health & Safety procedures in the workplace. In addition to timely dealing with specific operations from time to time, depending on the opportunity and/or need, the monitoring of the results for the period and the forecast was carried out, in comparison with the budget and guidance targets, with specific examination of the causes that determined the need to issue three profit warnings during the second half of the year. The last part of 2021 was therefore marked by the start of a Board process of analysis and in-depth study, with a view to adopting the most appropriate measures for the turnaround of results, by the receipt in November of a *"Non-binding indicative offer with respect to the acquisition of 100% in TIM S.p.A."*, received from Kohlberg Kravis Roberts & Co. L.P., by the opening of the CEO succession process, against the revocation of the position of Chief Executive Officer and General Manager already attributed to Director Luigi Gubitosi.

4.2 Appointment and replacement (pursuant to art. 123-bis, paragraph 1, letter l), first part, Consolidated Law on Finance)

In accordance with Article 9 of the Bylaws, the Board of Directors (composed of a minimum of 7 to a maximum of 19 Directors) is appointed on the basis of slates submitted by shareholders or by the outgoing Board of Directors.

The Shareholders' Meeting of 31 March 2021 appointed the new Board of Directors for the three-year period 2021-2023. On that occasion, as permitted by the Bylaws, the outgoing Board of Directors submitted a list of candidates, the procedures for the formation and publication of which are contained in the document "Procedure for the Board of Directors' List", which can be consulted on the website www.gruppotim.it, in the Group section/Governance channel/Board of Directors/Appointment.

In addition to the outgoing Board of Directors, shareholders are entitled to submit slates when, alone or together with other shareholders, they hold a total of at least 0.5% of the ordinary share capital, regardless of the quota determined annually by Consob. Two thirds of the directors to be elected shall be chosen from the slate which has obtained the greatest number of votes (the "Majority Slate"), in the order in which they are listed on said slate, rounding any fractions down. The remaining Directors shall be chosen from the other slates according to the "quotients" method. At least half of the directors chosen from each slate (with rounding up) must fulfil the requirements of independence specified in art.148 of the CLF and/or by the Corporate Governance Code, with the chance of *repêchage* within the same slate. At least two-fifths of the Board (with rounding up to the nearest whole number) must be made up of Directors of the less represented gender; if such requisite is not fully met by the distribution criteria of the seats among the various slates, a single decreasing ranking of all candidates is drawn up (taken from both the majority and minority slates) in relation to the relative quotient. The necessary number of candidates of the more represented gender with the lowest quotients are replaced by the candidates of the less represented gender on the same slate, following the order of ranking so as to ensure a gender balance, without prejudice to the requirement of independence wherever the replaced candidate is independent. Should candidates with the necessary characteristics be lacking, the Shareholders' Meeting completes the board with separate vote by absolute majority. For directors to be appointed by means of a procedure other than slate voting, the Shareholders' Meeting decides with the legal majorities, always in compliance with the requirements of the law and the Bylaws.

If, during the course of the financial year, one or more directors cease to hold office, provision is made pursuant to Article 2386 of the Italian Civil Code, ensuring compliance with the requirements of the law and the Bylaws on the composition of the board.

For a description of the Board's self-assessment process and its findings, please refer to section 7.

For a description of the special powers of the State, relevant for the composition of the Board of Directors, please refer to paragraph 3, (k) ("Special powers of the State").

Succession Plans

The Board of Directors has adopted a procedure for the succession of Executive Directors, which entrusts the setting up, updating and monitoring of the succession plan to the Nomination and Remuneration Committee, which is

supported by the corporate structure managing human resources, without prejudice to the possibility of using external consultants.

The process of early replacement of the Chief Executive Officer took place on the occasion of the change in the role of CEO following Luigi Gubitosi's relinquishment of powers, with the consequent revocation of the office (26 November 2021). As recommended by the Committee, the Board of Directors first appointed Pietro Labriola (at the time CEO of the subsidiary TIM SA) as General Manager, so as to ensure absolute continuity and stability in the management of the company pending further search and selection activities. Upon their completion, again as per the Committee's recommendation, Mr Labriola was co-opted to the Board and appointed Chief Executive Officer (21 January 2022).

If the Chairman ceases to hold office, his replacement in the chairmanship of the Board is regulated by the Bylaws (which provide for the intervention of the Deputy Chairman, if appointed, or - in the absence of the Deputy Chairman - of the most senior director in terms of age), while any management powers are normally entrusted to the Managing Director, until the new Chairman takes office.

4.3 Composition (pursuant to art. 123-bis, paragraph 2, letter d) and (d-bis), Consolidated Law on Finance)

Table 2 provides information on the Directors in office during 2021.

It should be noted that on 22 February 2021, directors Massimo Ferrari and Lucia Morselli resigned as directors and from their respective roles on the Board Committees.

The Board of Directors was renewed by the Shareholders' Meeting of 31 March 2021. At that meeting, the number of board members was determined at 15 and their term of office was determined in three financial years (until the shareholders' meeting called to approve the financial statements for the year ended December 31, 2023).

For the renewal of the Board of Directors, two slates were submitted - within the terms and according to the procedures required by the applicable regulations - respectively:

- by the outgoing Board of Directors and
- by a group of Asset Management Companies and international institutional investors, and specifically: Amundi Asset Management SGR S.p.A. fund manager: Amundi Sviluppo Italia, Seconda Pensione Espansione Esg, Seconda Pensione Sviluppo Esg, Amundi Dividendo Italia, Amundi Accumulazione Italia Pir 2023; Arca Fondi SGR S.p.A. fund manager: Fondo Arca Azioni Italia, Fondo Arca Azioni Europa, Fondo Arca BB, Fondo Pensione Arca Previdenza Alta Crescita, Fondo Arca Economia Reale Bilanciato Italia 55, Fondo Arca Azioni Internazionali, Fondo Pensione Arca Previdenza Rendita, Fondo Pensione Arca Previdenza Crescita; Etica SGR S.p.A. fund manager: Fondo Etica Rendita Bilanciata, Fondo Etica Obbligazionario Misto, Fondo Etica Bilanciato, Fondo Etica Azionario; Eurizon Capital S.A. manager of the Eurizon Fund sections: Italian Equity Opportunities, Equity Europe LTE, Equity Italy Smart Volatility, Active Allocation, Equity Europe ESG LTE; Eurizon Capital SGR S.p.A fund manager: Eurizon Progetto Italia 70, Eurizon Pir Italia Azioni, Eurizon Azioni Italia, Eurizon Progetto Italia 40; Epsilon SGR S.p.A. manager of fund Epsilon Qequity; Fidelity Funds – SICAV; Fideuram Asset Management Ireland manager of fund Fonditalia Equity Italy; Fideuram Intesa Sanpaolo Private Banking Asset Management SGR S.p.A. fund manager: Fideuram Italia, Piano Azioni Italia, Piano Bilanciato Italia 30, Piano Bilanciato Italia 50; Interfund Sicav - Interfund Equity Italy; Mediolanum Gestione Fondi SGR S.p.A. fund manager: Mediolanum Flessibile Futuro Italia; Pramerica Sicav Italian Equity segment.

Directors Salvatore Rossi, Luigi Gubitosi, Paola Bonomo, Franck Cadoret, Luca De Meo, Arnaud de Puyfontaine, Cristiana Falcone, Giovanni Gorno Tempini, Marella Moretti and Ilaria Romagnoli, all of whom (with the exception of Luigi Gubitosi, Franck Cadoret, Arnaud de Puyfontaine and Giovanni Gorno Tempini) declared they were independent, were drawn from the slate submitted by the outgoing Board of Directors, which obtained the most votes (56.09% of the ordinary share capital). From the slate submitted by a group of asset management companies and international institutional investors (which obtained 2.50% of the ordinary share capital), five directors were drawn in the persons of Paolo Boccardelli, Paola Camagni, Maurizio Carli, Federico Ferro Luzzi and Paola Sapienza (all qualified as independent).

Ascertainment that the board as a whole and the individual newly appointed Directors satisfied the requirements was undertaken by the Board of Directors in its first meeting after appointment (1 April 2021). Also at the meeting of 1 April 2021, Salvatore Rossi and Luigi Gubitosi were confirmed in the roles of Chairman and Chief Executive Officer respectively.

In the meeting of 26 November 2021, Luigi Gubitosi resigned his powers and the Board of Directors removed him from the positions of Chief Executive Officer and General Manager. In accordance with the recommendation of the Nomination and Remuneration Committee, the Board therefore decided to reorganise the Company's governance by assigning to Chairman Rossi the responsibilities and powers relating to the Partnership & Alliances, Institutional Communications, Sustainability Projects & Sponsorship and Public Affairs departments, as well as responsibility for managing TIM's assets and activities of strategic importance for the national defence and security system, and by appointing as the Company's General Manager Pietro Labriola, who has been granted all the powers necessary to carry out the acts pertaining to the Company's business.

Subsequently, on 17 December 2021, Luigi Gubitosi resigned from the Board.

Finally, on 21 January 2022, the Board co-opted Pietro Labriola, who has retained the General Manager position, and appointed him Chief Executive Officer, granting him all powers, including those previously assigned to Chairman Rossi.

The current composition of the Board is 15 directors, 10 of whom are independent, and one executive director (the CEO, who holds the positions of Managing Director and General Manager).
The directors have professionalism and skills commensurate with the tasks entrusted to them; the number and skills of the non-executive members are such as to ensure that they have a significant influence on board resolutions and to guarantee effective monitoring of management.

Curricula vitae and detailed information on the members of the current Board of Directors are available on the website www.gruppotim.it, in Group section/Governance channel/Board of Directors/Members.

Diversity criteria and policies in Board composition and corporate organisation

Article 9.1 of the Company Bylaws was applied in the appointment of the members of the Board on 31 March 2021. This requires the presence of at least two-fifths of the total number of members of the least represented gender on the Board (there are currently six female representative and nine male representative on the Board). In view of the preparation of slates, a special Guidance to TIM shareholders on the composition of the Board of Directors has been published (available on the website www.gruppotim.it, in Group section/Governance channel/Board of Directors/Nomination), which focuses on the adequate competence and professionalism of the members of the Board of Directors.

TIM is in favour of diversity in the composition of the Board, also in view of the aforementioned priority objective of adequate competence and professionalism of its members. Discrimination on the basis of ethnicity, nationality, country of origin, gender, sexual orientation, religion, opinion in political or other matters is excluded.
No specific policies on diversity have been adopted in relation to the composition of the Board, as this matter is left to the shareholders, in the exercise of the rights of candidacy attributed to them by law and the Bylaws, with respect to the slates presented by them, or to the responsibility of the outgoing Board, in the event of exercise of the right to present its own slate, with disclosure of the selection process and the criteria by which it was governed.

TIM management's Diversity & Inclusion programme aims to concretely implement a sustainable, long-term vision of the Company, ensuring equal opportunities, inclusion and the enhancement and full respect for the diversity of all people in the TIM Group. TIM was one of the first Italian companies to set up a Diversity Management programme.
To promote inclusion, TIM has also set up a community, "TIM4inclusion", with the participation of more than 400 colleagues, for knowledge management and sharing on these issues and where, from a project point of view, solutions for overcoming barriers of all kinds are proposed.

In 2021, a major training and awareness-raising plan was launched for Top and Middle Management on 5 D&I topics; in addition, training courses on inclusive language and gender bias were launched for the entire company population, and fortnightly, an offer of targeted content relating both to TIM's D&I plan and food for thought on inclusion. Still in 2021, 5 webinars on inclusive leadership and management's role in Diversity & Inclusion were conducted through the TAD Talks Inclusion Project. Diversity & Inclusion and gender equity are also monitored through the internal listening plan (surveys and focus groups).

Lastly, TIM has made its positioning on inclusion issues explicit by including a specific reference in the main documents of its organisational identity: human rights policy, charter of values, leadership model.

TIM is a partner of Valore D, and thanks to this initiative over 100 women in the company each year have the opportunity to attend skill building courses, mentoring and coaching programmes, courses and workshops on welfare and work-life balance.

The "Women's Project" was launched in 2020; it represents the TIM commitment to increasing the culture of equal opportunities and accelerating the professional growth of women in the company; the project has two strands: Climate & Culture and Career. The first step was to publish the TIM Manifesto to overcome the Gender Gap and, in collaboration with Parole O_Stili, a course on inclusive language was created. In order to raise awareness of the prejudices that everyone has unwittingly, specific surveys were carried out and an e-learning course on gender bias was launched, including administration of the Harvard Implicit Test. The Women's Project also includes "LeadHERship al femminile", a cycle of 7 role modelling meetings in collaboration with Valore D; the partnership with Young Women Network, the non-profit networking association for young women with which 224 women of the TIM Group have been associated; coaching and mentorship programmes aimed at a pool of talented women. A project started in 2020 was also extended in 2021: TIM against gender and sexual harassment and bullying and a policy has been drawn up for the prevention of these events to protect individuals.

With regard to dissemination of an equal opportunities culture, by 31 December 2021 TIM had set itself the following objectives:

- at least 50% of the corporate population shows awareness of the initiatives (the target was reached and exceeded by about 12 percentage points)

- development path dedicated to a pool of female employees and involvement of at least 80% of them (the target was reached and exceeded by almost 20 percentage points)
- Under the 2021-2023 plan, gender equality objectives are strengthened with the introduction of targets on the pay gap issue and on women's management representation. With regard to female leadership and pay gap, managerial incentives have been introduced, which provide for a deadline of 31 December 2023:
- reaching 26% of female managers in the total management population
 - elimination of the gender pay gap in the management population.

Maximum accumulation of offices held in other companies

According to the Corporate Governance Principles, holding positions as director or statutory auditor in more than five companies, other than those subject to the management and coordination of Telecom Italia or subsidiary or associated companies of the same, is not considered compatible with the position of director of Telecom Italia in the case of (i) listed companies included in the FTSE/MIB index, or (ii) companies operating mainly in the financial sector vis-à-vis the public, or (iii) companies carrying out banking or insurance activities; the same director holding more than three executive positions in the companies referred to in (i), (ii) and (iii) is also not considered compatible.

No diversified thresholds are envisaged to take account of the Directors' participation in the internal board committees. If a Director holds office in more than one company belonging to the same group, only one appointment held within that group shall be taken into account when calculating the number of appointments.

Following the audit of the members of the Board of Directors in February 2022, the current composition of the Board complies with the above limits.

4.4 Functioning of the Board of Directors (pursuant to Article 123-bis, paragraph 2, letter d), Consolidated Law on Finance)

The internal operation of the Board is defined by the Bylaws, by the Company's Corporate Governance Principles and by specific Regulations. The Board of Directors establishes an annual calendar of activities, on the proposal of the Chairman, in the light of a schedule that takes into account disclosure deadlines and planning and monitoring requirements. This timetable is then supplemented and amended from time to time, depending on the needs and/or suggestions or requests made by the directors and auditors.

The flow of information to the Board, as a function of the exercise of its powers and responsibilities, has concerned, in addition to the topics to be examined at the meeting, the activities carried out and/or in progress; the general management trend and its foreseeable evolution; the market consensus and analysts' evaluations; any activity, operation or event that has been deemed appropriate by the Chairman or the Managing Director to bring to the attention of the Board or that the Directors have deemed appropriate to examine in depth.

In order to effectively regulate its operation, the Board has adopted a set of rules defining the procedures for convening, organising, conducting and documenting meetings, the procedures for taking minutes of meetings, the organisation of the flow of information to directors and the duties of confidentiality to which they are bound. Similar internal regulations, for their composition and operation, have been adopted by the individual Board Committees (see Committees section).

Minutes of Board and Committee meetings are drawn up in Italian and signed by the Chairman and by the Secretary of the meeting. As a rule, minutes are distributed in a preliminary draft as soon as they are available, and comments are invited in time for the final draft to be prepared and submitted for approval at the next available meeting. For any non-Italian-speaking directors, an English translation of the drafts is made available as quickly as practicable.

The pre-meeting information is transmitted with the support of a special IT platform and made available as early as the circumstances allow; the Board of Directors has repeatedly drawn the management's attention to a more punctual compliance with the ordinary term of 5 days prior to meetings. The information thus distributed was supplemented by the explanations provided during the meetings, with the support of the management of the Company and/or its main subsidiaries and, if necessary, of consultants, who ensured the necessary technical and professional support. Especially with regard to the strategic planning process, an induction process with subsequent informal meetings is envisaged.

In accepting the position, the Board member makes themselves available to ensure their professional contribution in meetings of the Board and/or Board Committees, through adequate prior preparation and active participation in the work.

During 2021, 17 Board of Directors' meetings were held with an average duration of approx. four hours and fifteen minutes; directors' attendance at Board meetings was approximately 96.75%. In 2022 and up to the date of this report,

4.5 Role of the Chairman of the Board of Directors

Salvatore Rossi served as Chairman of the Board of Directors for the entire 2021 financial year.

Prior to the renewal of the Board (which took place at the Ordinary Shareholders' Meeting of 31 March 2021) and following the appointment by the new Board (which took place at the meeting following the Shareholders' Meeting, on 1 April 2021), the Chairman, Mr Rossi, held the powers provided by law and by the bylaws. At the meeting held on 26 November 2021, following the resignation of director Luigi Gubitosi (with consequent revocation of his positions as CEO and General Manager), the Chairman was also assigned responsibilities and powers relating to Partnerships & Alliances, Institutional Communications, Sustainability Projects & Sponsorship, Public Affairs, as well as responsibility for managing TIM's assets and activities of strategic importance for the national defence and security system. Having thus assumed an executive role, from that date he was no longer considered an independent director.

At the meeting of 21 January 2022, with the co-option of Pietro Labriola and the conferral of all management powers on him, Chairman Rossi was left with the sole power of communication in relation to the Indicative Non-Binding Expression of Interest received from KKR & Co. and the ensuing process.

In accordance with the Corporate Governance Principles, with the sole exception of the period in which he held an executive role (from 26 November 2021 to 21 January 2022), Chairman Rossi acts as a link between the Board of Directors and the Heads of the Control Departments, and is responsible for the ordinary management of their working relationship with the Company.

As per the provisions of the Regulation of the Board, during the 2021 financial year the Chairman, in agreement with the CEO (General Manager, as of 26 November 2021) and with the support of the Secretary of the Board:

- with regard to individual meetings, ensured that information flows on the matters to be examined were adequate and timely;
- for the better operation of the Board and for the purpose of coordinating their respective activities, interacted with the Committees Chairmen, in relation to the activities carried out;
- interacted with individual non-executive directors (and with the Lead Independent Director, since his appointment), so as to maximise their involvement in the life of the company;
- invited, also at the request of individual directors, Group managers to attend Board meetings to provide the appropriate details on items on the agenda.

Induction

In order to facilitate knowledge of the Company and the investigation of complex issues, in preparation for their discussion, informal information and discussion sessions open to directors and statutory auditors were held.

During 2021, the Directors were involved in five induction meetings, usually on the fringes of board meetings, to discuss the *industry*, the market, the company's *business* and organisation, its *vision* and prospects, as well as to presentations from the management team. Personalized *induction* opportunities were also organized for those Directors who requested them.

It is company practice to facilitate participation in external training initiatives by the members of its collective bodies.

For a description of the Board's self-assessment process and its findings, please refer to section 7.

With varying frequency, the Board plenum was informed about market consensus and interactions with analysts and investors.

Secretary of the Board

In accordance with the Corporate Governance Principles, on proposal of the Chairman, the Board identifies its Secretary in the *General Counsel* and head of TIM's legal department.

The confirmation of the current Secretary of the Board, Agostino Nuzzolo, took place at the first meeting following the renewal of the Board (1 April 2022). Mr Nuzzolo has held the position of General Counsel and Secretary of the Board since January 2017.

Pursuant to the Board Regulations, the Chairman and the Board itself make use of the Secretary, as well as of the corporate functions coordinated by him, for the convening, organisation, conduct and documentation of meetings. The Secretary of the Board coordinates the distribution of documentary material.

The Secretary's contribution to the work was assessed as part of the review of Board activities: see paragraph 7.

4.6 Executive Directors

CEOs

In the first quarter of 2021, the Board of Directors had a non-executive (and independent: see below) Chairman and a Chief Executive Officer (who also held the role of General Manager), respectively in the persons of Salvatore Rossi (who was assigned the role of legal, statutory and corporate governance documents) and Luigi Gubitosi (who was assigned all the powers necessary to perform the acts pertaining to the company's business in its various forms, extending the delegation to the security organisation, and therefore to the management of all TIM's assets and activities of strategic importance for the national defence and security system, with the sole exception of those reserved by law, bylaws or corporate governance principles to the Board). Luigi Gubitosi was recognised as *Chief Executive Officer*.

Following its renewal, resolved by the Ordinary Shareholders' Meeting of 31 March 2021, the new Board confirmed Salvatore Rossi and Luigi Gubitosi in the same positions and powers.

On 26 November 2021, Luigi Gubitosi returned the powers he had received to the Board and the Board revoked from him the positions of Chief Executive Officer and General Manager, thus deciding - pending the succession planning process, based on the identification of the new CEO - a reorganisation of the Company's governance by (i) assigning to Chairman Rossi the responsibilities and powers relating to the Partnership & Alliances departments, Institutional Communications, Sustainability Projects & Sponsorship and Public Affairs departments, as well as responsibility for managing TIM's assets and activities of strategic importance for the national defence and security system, and (ii) appointing Pietro Labriola (former CEO of the subsidiary TIM Brasil) to the position of General Manager of the Company, with the powers necessary to carry out the Company's business activities.

Finally, on 21 January 2022, the Board of Directors co-opted Pietro Labriola, who retained the position of General Manager, and appointed him Chief Executive Officer, granting him all executive powers, including those previously assigned to Chairman Rossi.

At the date of approval of the Report, Pietro Labriola held the position of *Chief Executive Officer*.

Chairman of the Board of Directors

The responsibilities and powers assigned during 2021 to the Chairman of the Board are described in the previous paragraph. The Chairman is not a controlling shareholder of TIM.

Disclosure to the Board by directors/delegated bodies

The flow of information is normally ensured at meetings of the *full* Board and/or its committees, which report to the Board at the earliest opportunity. Where deemed appropriate, further documentation was forwarded or meetings were organised, even informally and prior to board meetings, with managers or consultants, in order to provide a more extensive background and prepare for board meetings.

Other executive directors

Not applicable.

4.7 Independent directors and Lead Independent Director

Of the 15 Directors currently in office, 10 meet the independence requirements (pursuant to the Consolidated Finance Act and the Code): Directors Boccardelli, Bonomo, Camagni, Carli, De Meo, Falcone, Ferro Luzzi, Moretti, Romagnoli and Sapienza.

The number of independent directors and their skills are adequate for the needs and operation of the Board, as well as for the proper constitution of the relevant committees.

The Chairman of the Board of Directors, Salvatore Rossi, was recognised as independent by the Board of Directors (pursuant to the Consolidated Finance Act and the Code) both prior to his renewal (which took place at the Ordinary Shareholders' Meeting of 31 March 2021) and thereafter; as of 26 November 2021, due to the assignment of certain operational powers to him pending the CEO succession planning process, the Chairman no longer qualifies as independent.

TIM adopts the criteria of the Corporate Governance Code for the classification of Directors as independent. As a rule, for the purposes of assessing independence, any relationship that has resulted in income equal to or greater than twice the annual remuneration paid by the Company in the previous year for the position of non-executive director is considered significant.

Given the above criteria and on the basis of the elements made available by the interested parties pursuant to the Code itself and as per Consob Issuers' Regulations, or in any case available to the Company, the assessment of the requirements was carried out during the first *Board* meeting following the appointment (1 April 2021), and subsequently on 14 February 2022.

Each director provided the necessary elements for the Board's evaluations.

During the meeting held on 22 February 2022, the Board of Statutory Auditors ascertained that the directors met the requirements, including the application of the independence criteria.

In the first quarter of 2021, the independent directors did not meet. Subsequently, following the renewal of the Board, they met in the absence of other directors four times. Coordination of the work (which concerned (i) information flows, (ii) governance issues and (iii) election of the Lead Independent Director) was carried out by the Chairman of the Board of Directors until the appointment of the Lead Independent Director, in the person of Director Paola Sapienza, which took place on 26 November 2021. Independent directors were allowed, on request, to have advisors of their own choice.

At the time of their initial candidature, none of the independent Directors in office undertook to maintain independence for the entire term of office. All of them also undertook to promptly notify the Company of any changes in their status.

The Chief Executive Officer (Director Labriola) has an employment relationship with the Company, with the title of General Manager.

Lead Independent Director

In the meeting held on 26 November 2021, the Board of Directors in office appointed Director Paola Sapienza as Lead Independent Director, with the powers and prerogatives set forth in the Code. The appointment was made in order to facilitate internal processes during a delicate and work-intensive phase. The figure (regardless of the conditions laid down in the Borsa Code) represents the point of reference and coordination for the issues raised and contributions made by the independent Directors and the non-executive Directors in general. The Lead Independent Director is acknowledged to have the right to use the company structures to perform the tasks assigned to him and to convene special meetings of only the independent Directors to discuss issues affecting the functioning of the Board of Directors or the management of the business, and he or she may invite representatives of the management of the Group to these meetings.

Since taking office, the *Lead Independent Director* has been coordinating between the independent directors and the Chairman of the Board, through formal meetings and briefings with the independent directors and the Chairman. Three meetings were organised (including one during 2022) attended by the independent directors in the absence of other directors. The meetings focused on issues of governance and corporate structure, with particular attention paid to the *modus operandi* to be followed with respect to KKR's expression of interest. During these informal meetings, a number of operational, financial and control issues were also dealt with, as well as how to refine the quality of information flows in order to improve the functioning and action of the board. Finally, the *Lead Independent Director* spoke with the Chairman on an ongoing basis to ensure that the requests and suggestions of independent directors could contribute constructively to the Board's agenda-setting process.

5. MANAGEMENT OF CORPORATE INFORMATION

TIM adopted over time an articulated set of rules and procedures for the management of the information processed in the company, in compliance with the laws applicable to the various types of data. These rules act on the organisational and technical level and on operating procedures.

The processing of information, in particular, is supported by information systems, the development, maintenance and operation of which are subject to specific requirements and rules, the subject of dedicated organisational supervision, entrusted to the *Security Department for the aspects pertaining to ICT Risk Management* and information protection and to the Compliance Department for the aspects relating to guidance and compliance control.

The "Procedure for insider information and *insider dealing*" (available on the website www.gruppotim.it, section Group/Governance channel/Governance tools/Other Codes and Procedures), drawn up in light of the Consob recommendations contained in the "Guidelines" for the management of insider information of October 2017, is a relevant document for the purpose of internal management and external communication of company information.

6. INTERNAL BOARD COMMITTEES (pursuant to Article 123-bis, paragraph 2, letter d), CONSOLIDATED LAW ON FINANCE)

At its first meeting after its appointment (1 April 2021), the Board resolved to set up the following internal committees:

Nomination and Remuneration Committee (NRC), under the Company's Corporate Governance Principles, composed of non-executive Directors, the majority of whom are independent, including at least one Director drawn from a minority slate submitted in accordance with the Bylaws.

In addition to the tasks and powers assigned to it by the CG Code and internal company rules, the NRC (i) monitors the updating of the replacement tables for company management, by the CEO; (ii) shares decisions in advance with the CEO on the appointment of managers reporting directly to them and the appointment of the Chief Executive Officers of the most important subsidiaries; (iii) it monitors the adoption and implementation of measures aimed at promoting equal treatment and opportunities between genders within the company organisation; (iv) it proposes the criteria for distributing the total annual remuneration established by the Shareholders' Meeting for the entire Board; (v) it carries out any other tasks assigned to it by the Board of Directors. In particular, when delegating powers to the CEO in office at the date of approval of the Report, the NRC was asked to express an opinion on the appointments by the Board of Directors, on the proposal of the CEO, of executive (or equivalent positions) and non-executive directors and members of the Board of Statutory Auditors of current or future TIM subsidiaries, identified by the Board as of strategic importance.

Control and Risk Committee (CRC), in accordance with the Company's Corporate Governance Principles, composed of non-executive Directors, the majority of whom are independent, including at least one Director drawn from a minority slate submitted in accordance with the Bylaws.

In addition to the tasks and powers assigned to it by the CG Code and the internal company rules, the CRC (i) monitors compliance with the company's corporate governance rules, regulatory developments and best practices in the field of controls and corporate governance, also for the purpose of proposing updates to the Company's and the Group's internal rules and practices; (ii) prepares the financial and non-financial statements for the period, with a view to its examination by the Board of Directors; (iii) performs the other tasks assigned to it by the Board of Directors.

The **Related Parties Committee (RPC)**, as provided for by the Consob Regulation adopted with resolution no. 17221/2010 and subsequent amendments and by the Company's Corporate Governance Principles, is composed of independent Directors, at least one of whom taken from the slate obtaining the second highest number of votes.

The Committee exercises the tasks and attributions established in the specific company Procedure for performing transactions with related parties.

All board committees have a chairperson who coordinates their work (minutes are kept) and informs the *full* Board of the topics discussed at the first meeting. The committees have their own regulations (available at <https://www.gruppotim.it/en/group/governance/governance-tools/regulations.html>) approved by the Board, which set out the rules for their composition and appointment, how they operate, their tasks, powers and resources.

In setting up the committees, in line with the CG Code, the Board considered the expertise and experience of the directors called upon to serve on them, while avoiding an excessive concentration of positions.

Additional committees (other than those provided for in the legislation or recommended by the Code) - Sustainability Committee

Still at its meeting of 1 April 2021, the Board set up the Sustainability Committee (SC) with advisory, propositional, monitoring and investigative duties, to support and guide the activities of the full Board and management on the environmental, social and governance (ESG) sustainability front, in terms of positioning, objectives, processes and specific initiatives of TIM and the Group. Moreover, as per the regulations, with respect to the Board Committees processes, in addition to directly supporting and guiding the activities of the Board, the Sustainability Committee is promptly involved with reference to the ESG profiles of the activities overseen by the other internal committees, in the form of document sharing or joint preliminary investigation.

In particular, by way of example, the Committee interacts:

- a. with the Nomination and Remuneration Committee in relation to the possible inclusion of ESG considerations in the Company's remuneration policy (including in the form of incentive parameters and targets), as well as in monitoring the adoption and implementation of measures to promote equal treatment and opportunities between genders within the corporate organisation;
- b. with the Control and Risk Committee in the preparation of non-financial statements ("sustainability report") and in the analysis of ESG business risks.

The members of the Committee must have adequate expertise in relation to the tasks which they are called upon to perform. For details of the composition, see Table 3.

The Committee's operating procedures and the prerogatives acknowledged to it are governed by special regulations approved by the Board of Directors. The Committee has been allocated a budget of EUR 100,000 for the year 2021, with autonomous spending power within this limit.

The Chairman of the Committee calls meetings on his own initiative or at the request of at least two of its members. The request to call meetings can also come from the Chairman of the Board of Directors, from the Chief Executive Officer or from the Chairman of the Board of Statutory Auditors. During 2021, there were four meetings; in addition, in light of the indications above regarding areas of common interest with the Control and Risk Committee and the Nomination and Remuneration Committee, a meeting was held with both. The meetings lasted on average about 2 hours and fifteen minutes, with an overall attendance rate of about 100%. One meeting was held in 2022 and up to the date of approval of the Report, with an attendance rate of 80% (absence of one member).

As this is a new committee, the first activities carried out in 2021 concerned, in addition to the assessment of ESG oversight in TIM, the setting up of the work and the definition of its internal regulations. At the same time, the Committee was immediately involved in the definition of the materiality matrix, also for the NFS purposes, as well as in the monitoring of the corporate initiatives underway on the sustainability front and in the work of defining ESG objectives (starting with environmental ones, with a specific focus on energy), as a function of overall corporate planning.

7. SELF-ASSESSMENT AND SUCCESSION OF DIRECTORS - NOMINATION AND REMUNERATION COMMITTEE

7.1 Self-assessment and succession of directors

The Board of Directors evaluates its own effectiveness and the contribution of individual directors once a year via formalized procedures. The board assessment evaluates the size, composition and functioning of the board and its committees. It also includes the Board's active involvement in defining the company's strategy and monitoring the management of company activities, as well as the adequacy of the internal control and risk management system.

In 2021 - the first year of the current Board's term of office - a self-assessment of the Board and its Committees was carried out, as it has been every year since 2005, with reference to size, composition and functioning, with the support of Spencer Stuart Italia, as external advisor. It should be noted that Spencer Stuart, a leading consulting firm on corporate governance issues, was selected as independent advisor as part of a preliminary investigation conducted by the Nomination and Remuneration Committee.

The aim of the work was to carry out a structured review of the effectiveness of Tim's Board of Directors from an operational point of view and to identify, where necessary, areas for improvement; in order to better carry out the role of guidance and control of a complex industrial context like the Tim Group, operating in different geographical areas and evolving continuously.

The self-assessment, which took place in early 2022, refers to the financial year ending 31 December 2021, and was carried out in accordance with the most advanced international methodology.

The advisor prepared a questionnaire, shared it with the Nomination and Remuneration Committee, and administered it *online* to all Directors before conducting individual interviews with each Director. Each Director was helpful and cooperative, and showed strong interest in the self-assessment process.

Tim's Board of Directors, largely renewed, took office on 1 April 2021 during the pandemic. The latter's impact prevented a regular start to the mandate, normally characterised by intense *onboarding* activities in person, and members getting to know each other to facilitate progressive "running-in" of activities. In addition, the 2021 financial year was characterised by a number of significant events that considerably involved the Board of Directors.

The areas specifically covered were:

- Structure, size and composition of the Board of Directors
- Board effectiveness on key issues
- Operation and organisation of Board proceedings
- Roles and responsibilities
- Board dynamics and cohesion
- Board Committees.

The following emerged amongst the main findings:

- Directors showed participation and commitment to the role;
- Directors feel they can express themselves freely and make their own contribution;
- there is general agreement on Board diversity in terms of gender, age and tenure. Board members consider that the mix of profiles with heterogeneous professional backgrounds and focuses is functional for its work, even if at the end of the first year integration of the diversity of skills and visions was not always completely effective;
- some Directors, despite logistic difficulties and the restrictions still in place due to the pandemic, attended some board meetings. It was possible for everyone to take part effectively and continuously connecting via video conference;
- the Company Secretariat is appreciated by many Board members for its support and liaison work between the Board and the various corporate functions;
- in 2021, the Board Committees met regularly and the Directors involved in Committees ensured that they attended the meetings mainly by videoconference.

A number of points for reflection and improvement emerge when analysing Board member assessments:

- though appreciating Agenda structuring, the Board noted the need for more in-depth analysis and focus on business issues;
- some Directors believe it is important to emphasise sustainability issues, pointing out the need for them to be increasingly integrated into the company strategy; they hope that more time will be devoted to these issues in the future, not only within the Sustainability Committee, but also on the Board agenda;
- the issues raised during the year are obviously affected by the complexity of the situation experienced by society in recent months and, due to the pandemic, the lack of interaction outside the 'Board Room'. Having said that, the importance of creating a closer professional relationship between individual board members must be stressed;

- work will still need to be done on the timeliness of information sharing, not facilitated in the past by the exceptional conditions under which the Board has operated.

On the basis of the evidence found, an action plan will be prepared with specific follow-up initiatives to be activated by the Board of Directors.

TIM believes that the process of appointing and succeeding directors is primarily the responsibility of the persons exercising the right to submit slates of candidates, as required by law and the Bylaws. For its part, where it does not take an active part by presenting its own slate (as happened in view of the renewal resolved by the Shareholders' Meeting of 31 March 2021), the Board of Directors undertakes to ensure the best conditions for an informed and effective choice, providing the information deemed most useful for exercising the rights of candidature.

In view of the renewal of the Board, and in accordance with the recommendations of the CG Code, the Board expressed its views on the size and composition of the new Board. It considered the number of fifteen directors to be adequate, and expressed the opinion that the composition of the board should take into account the company's needs, including prospective ones, as well as the need to maintain a significant presence of independent directors, with a diversity capable of bringing value to the debate. It was also considered necessary for the new Board to ensure the continuity of the digital transformation process underway and to be made up of resources with skills and experience suitable for its full participation, capable of supporting industrial and technological transformations with the speed required by the market.

Following the formulation of the guideline on the optimal size and composition of the administrative body (published on the website www.gruppotim.it), the Board made use of the option provided for in the Bylaws to submit its own slate. For the preparation of the slate, a special procedure was adopted (available at www.gruppotim.it). The slate presented by the Board contained a shortlist of 10 candidates made up of four women and six men, for a total of six independent candidates, which combined the value of continuity with that of renewal, introducing alongside the six Directors in office (including the Chairman and the pro tempore Chief Executive Officer, whose confirmation in their respective roles was anticipated) four candidates with different backgrounds in terms of training and professional experience.

As already highlighted in point 4.2 above, the Board has adopted a procedure for the succession planning of Executive Directors, entrusting the setting up, updating and monitoring of the succession plan to the Nomination and Remuneration Committee. This is an activity with no predefined recurrence: in the event of the necessary early replacement of an Executive Director, the Nomination and Remuneration Committee formulates and communicates a non-binding recommendation to the Board which - pending the identification of the successor - adopts the most appropriate measures to ensure continuity of management (in the case of the succession of Mr Gubitosi, the appointment of a General Manager). If the Chairman ceases to hold office, and until the new Chairman takes office, his replacement as Chairman of the Board is regulated by the Bylaws (which provide for the intervention of the Deputy Chairman, if appointed, or - in the absence of the Deputy Chairman - of the most senior director in terms of age), while any management powers are normally entrusted to the CEO.

7.2 Nomination and Remuneration Committee

Composition and functioning

The Nomination and Remuneration Committee (NRC) was set up by the Board on the first meeting following its inauguration (1 April 2021) and is composed of non-executive Directors, all of whom are currently independent, including two drawn from the minority slate submitted in accordance with the Bylaws: for details see Table 3.

The members of the Committee must possess adequate skills for the tasks they are called on to carry out; at least one member shall possess skills in financial matters or pay policies.

The Committee (whose meetings are attended by the Chair of the Board of Statutory Auditors or any other Auditor delegated by said Chair, without prejudice to the possibility for all Statutory Auditors to attend) was able to access the information and company departments necessary to carry out its tasks, inviting the managers responsible for the areas being discussed in each case to provide support. For the year 2021, the Committee received, a budget of EUR 250,000 (subsequently increased to EUR 500,000, depending on the activities undertaken on the organisational structure and in view of the strengthening of the succession tables, as part of the preliminary investigation for the preparation of the new business plan), with autonomous spending power within this limit. The Committee confirmed Mercer Italia as its general consultant, having ascertained its independence from the Company.

The Committee, which combines - on the basis of operational efficiency considerations - the duties and the responsibilities attributed to the nomination committee and the remuneration committee by the Borsa Code, also, pursuant to the governance documents in force:

- monitors updating of the company management replacement tables, the task of the Chief Executive Officer;

- discusses in advance with the Chief Executive Officer the decisions concerning the appointment of managers answering directly to it and the appointment of the Chief Executive Officers of the most important subsidiaries;
- monitors the adoption and implementation of measures aimed at furthering equal gender pay and opportunities within the company organisation;
- to propose the criteria for allocating the total annual compensation established by the Shareholders' Meeting for the whole Board of Directors;
- expresses the opinions envisaged for conducting related-party transactions in the case of financial attributions to Directors, Statutory Auditors and key managers not classified as excluded transactions (see paragraph 13 below);
- to perform other duties assigned to it by the Board of Directors.

The Committee's operating procedures and the prerogatives acknowledged to it are governed by special regulations approved by the Board of Directors.

During 2021, the Committee defined the planning of its activities, based on the performance of the tasks assigned, and held 21 meetings, with an average duration of approx. 2 hour and 55 minutes, with a 96.43% attendance rate of its members. In 2022 and up to the date of approval of this Report, 7 meetings of the Committee were held, with an attendance of approximately 83%.

Prior to the Shareholders' Meeting called to approve the 2021 financial statements and renew the Board of Directors, the Committee essentially dealt with the process of preparing the slate of candidates presented by the outgoing Board of Directors and the definition the remuneration policy for the year. Following the renewal of the Board, the new Committee - in addition to taking charge of the proposals for the distribution of the remuneration established by the Shareholders' Meeting for the Board as a whole and the proposals for the treatment of Directors holding special offices - wanted to check the benchmark panels used for the analysis of compensation issues, immediately starting a process aimed at strengthening the process of defining and monitoring the remuneration policy, in its various components. The work undertaken was intended to support the company's strategic priorities, with a broader perspective on the Group's overall personnel policy (e.g.: generational turnover and the attraction of new professionals). On the one hand, the monitoring of the replacement tables was accompanied by an analysis of the organisational structures and, on the other hand, the work on the CEO's succession plan, which enabled the Board of Directors to be ready when the CEO pro tempore handed over his powers and was removed from office. CEO succession planning (also from the point of view of determining the conditions for terminating the relationship with the former CEO) therefore intensely occupied the last part of the year, without this distracting from the continuation of the preliminary investigation for the definition of the new remuneration policy, with particular reference to the variable remuneration systems. An approach based on market benchmarks also characterised the examination of employee engagement and diversity policies, in terms of tools, objectives and results.

For further information on the work of the Committee, with particular reference to compensation expertise, see the Remuneration Report.

8. REMUNERATION OF DIRECTORS - REMUNERATION COMMITTEE

8.1 Remuneration of Directors

Information on the general remuneration policy, the remuneration of executive directors and *top* management, share-based remuneration plans, the accrual and disbursement of remuneration, and the indemnity of directors in the event of resignation, dismissal or termination following a takeover bid (pursuant to Article 123-bis, paragraph 1, letter i) of the Consolidated Law on Finance) is provided in the Remuneration Report to which reference should be made.

8.2 Remuneration Committee

As anticipated in point 7.2 above, the Nomination and Remuneration Committee combines - on the basis of considerations of operational efficiency - the tasks and responsibilities attributed by the Stock Exchange Code to the Nomination Committee and the Remuneration Committee, pursuant to the *governance* documents in force. The Committee's operating procedures and the prerogatives acknowledged to it are governed by special regulations approved by the Board of Directors.

9. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM - CONTROL AND RISK COMMITTEE

The Board of Directors (which is responsible for approving the work plans of the control functions reporting directly to it, after hearing the opinion of the Control and Risk Committee) defines the guidelines of the Internal Control and Risk Management System (hereinafter, for brevity: the Internal Control System), verifying its adequacy, effectiveness and proper operation, so that the main corporate risks are correctly identified and managed over time.

Based on that audit, the Audit Department performed an assessment (which the Control and Risks Committee examined and adopted, transferring it to the full board); its results for 2021 can be summed up as follows:

- considering the current organisational structure and risk profile of the Company, as a whole, TIM's internal control System is designed and structured consistently with Corporate Governance Code recommendations, and is aligned with the main reference frameworks (i.e. «three line model» and «COSO framework»), though displaying areas of improvement;
- the information reported in the information flows received by the second level control functions and by a selection of other players in the internal control System of TIM, on which the Audit Department relied for its opinion, do not highlight any critical aspects that could compromise the effectiveness of the system itself;
- the audit activities conducted on specific organisation areas during the year (based on the risk-based Audit Plan and risks pointed out by Top Management and by Control Bodies) showed areas of improvement for which action plans have been defined by management. The implementation rate for the action plans formulated based on audit activities is monitored continuously and TIM Controlled Bodies are kept informed in the periodical Audit Department reports.

In the light of the above, the overall opinion made available to the Board of Directors in its meeting of 2 March 2022 is that the areas for improvement detected could not compromise the overall adequacy of the internal control and risk management System of TIM.

Main features of the internal control and risk management system

The Internal Control System is structured and operates according to the principles and criteria of the Corporate Governance Code. It is an integral part of the general organisational structure of the Company and the Group, and involves several components that act in a coordinated way according to their respective responsibilities.

In particular, the Internal Control System consists of a set of rules, procedures and organisational structures aimed at allowing - through an adequate process of identification, measurement, management and monitoring of the main risks - a healthy, correct and coherent management of the company with the set objectives, contributing to the sustainable success of the Issuer. As such, it is a process aimed at pursuing the values of substantive and procedural *fairness*, transparency and *accountability*, which are considered to be the foundations of TIM's business activities, in compliance with the provisions of the Group's Code of Ethics and Conduct (available on the website www.gruppotim.it in *Group section Governance channel/Governance tools/Code of Ethics*) and */Corporate Governance Principles* sections. This process, constantly monitored with a view to progressive improvement, is intended to ensure, in particular, the efficiency of company operations and entrepreneurial conduct, its transparency and verifiability, the reliability of management and accounting information, and compliance with applicable laws and regulations as well as the safeguarding of company integrity and its assets, in order to prevent fraud against the Company and the financial markets.

Enterprise Risk Management

The TIM Group has adopted a continuously evolving Risk Management Model in line with international regulations and standards to enable risks to be identified and managed in a homogeneous manner within the Group. The Risk Management process is designed to identify potential events that may influence business activity, so as to manage the risk within acceptable limits and provide reasonable assurance on achievement of the corporate objectives.

The Risk Management Model adopted by the TIM Group

- classifies the risks on the basis of their impact into Strategic risks (deriving from the evolution of the factors underlying the main assumptions used for the development of the Strategic Plan) and Operational risks (i.e. all risks deriving from the occurrence of events, endogenous or exogenous, that may generate a loss and/or compromise the achievement of business objectives);
- assesses risks not only individually but also from a risk portfolio perspective (correlation analysis);
- identifies and updates the overall set of risks to which the Group is exposed by means of:
 - analysis of the Business Plan,
 - monitoring of the reference context (e.g. macroeconomic and regulatory),
 - specific analyses of the risks to which company assets may be exposed,
 - monitoring and cyclical analysis, in order to intercept possible variations and/or new risk scenarios.

The Risk Management Steering Committee is chaired and coordinated by the Chief Financial Officer and ensures the governance of the Group's risk management, aimed at guaranteeing the operational continuity of the company's business by monitoring the effectiveness of the countermeasures adopted.

A dynamic approach is adopted, which provides for a revision of the risk scenarios not only after periodic assessments but also when significant changes occur in the internal and external context of the Group, as well as the identification and/or occurrence of new risk situations. It is also cyclical in relation to the stages of the strategic planning process.

The management process provides for the following steps:

1. Definition of the context and level of acceptance:

Establishing the context entails defining the purpose and objectives of the risk assessment, understanding the internal and external context in which decisions are made, planning the approach to be taken and the criteria to be followed for the risk assessment. In this phase, the risk acceptance and tolerance levels are defined (so-called Risk Appetite, Risk Tolerance).

2. Communication and Consultation:

Communication and consultation help stakeholders understand the risk, the basis on which decisions are made and the reasons why particular actions need to be implemented. TIM Group management must be kept constantly informed in order to make informed decisions. Risk Owners are involved in the risk assessment and the results are communicated to decision makers.

3. Assessment:

Risk assessments should be carried out during the decision-making process to make the management and Risk Owners aware of the risks associated with investment initiatives, the definition of the Plan, the activities/processes that impact the achievement of business objectives and corporate assets. The purpose of risk assessment is to identify, analyse and evaluate risks that could compromise the achievement of business objectives.

4. Mitigation:

The purpose of treatment is to identify and implement the actions needed to mitigate the risk associated with a decision. Risk treatment involves an iterative process of selecting, evaluating, implementing and monitoring mitigation actions. The choice of risk mitigation actions is made jointly with the Risk Owners with a view to optimising the "total cost of risk", balancing the potential benefits of achieving the objectives against the costs of mitigation.

5. Monitoring and Review:

The purpose of monitoring and review is to ensure and improve the quality and effectiveness of the design, execution and outcomes of the Risk Management process and its contribution to the quality of decision making. The results of monitoring and review are integrated into all performance management, measurement and reporting activities.

6. Logging and Reporting:

The results of the Risk Management process must be integrated into the information presented to the Risk Owners at the moment a decision is made, as well as in the subsequent reporting and performance measurement phase.

Reporting is an integral part of TIM Group's governance and serves to improve the quality of dialogue with stakeholders, supporting management and Corporate Bodies in fulfilling their responsibilities.

The reporting phase also includes the structuring of a two-way information flow with the Compliance and Audit departments regarding the outputs of their respective processes, in order to optimise both the overall risk profile and any further analyses to be implemented.

Financial risks and financial reporting

Regarding financial risks, the Group is exposed to:

- market risk: arising from variations in interest and exchange rates related to financial assets and financial liabilities incurred;
- credit risk: representing the risk of non-fulfilment of obligations assumed by a counterparty in relation to the utilization of liquidity;
- liquidity risk: related to the need to meet short-term financial liabilities.

These risks are addressed through:

- i. the definition, at a centralized level, of guidelines to which operations must adhere,
- ii. the operation of an internal committee that monitors the level of risk exposure in line with the pre-set objectives,
- iii. the identification of financial instruments, including derivative instruments, most suitable to meet the set objectives,
- iv. monitoring the results achieved;
- v. the exclusion of all trading in speculative derivatives.

In particular, management policies include:

- for market risk: fully hedging the exchange risk and minimizing exposure to interest rates through appropriate diversification of the portfolio, including through use of selected derivative financial instruments;
- for credit risk: liquidity management based on prudential criteria and articulated primarily in money market management activities (investment of temporary cash surplus) and bond portfolio management (investment of a permanent level of liquidity). In both situations, in order to reduce the risk of non-fulfilment of the obligations assumed by a counterparty, the counterparties and selected issuers have a credit rating within the limits established

by the guidelines, and a careful policy is pursued to diversify the use of liquidity and allocate credit positions among the different banks;

- for liquidity risk: adequate level of financial flexibility, which is expressed by maintaining a current treasury margin to cover the refinancing requirements at least for the next 12 months with irrevocable bank lines and liquidity.

Financial information plays a central role in maintaining positive relationships between the company and those it interacts with, contributing to both the company performance and the creation of value for the shareholders.

The internal control system on financial reporting is aimed at supplying reasonable assurance of the trustworthiness, accuracy, reliability and promptness of the financial reporting. For that purpose, TIM has prepared and constantly updates a regulatory/documentary system including accounting principles of the Group, administrative and accounting procedures, guidelines, operation instructions, accounting manuals and a chart of accounts, intended to guarantee an efficient coordination and exchange of information between the Parent company and the subsidiaries as well as the correct drafting of the financial statements. The Company manages a structured and documented model for the detection and monitoring of risks related to financial reporting, which refers to the CoSO 2013 framework. This model, managed with a specific piece of software, covers the internal controls associated with the risks identified on the financial reporting and the consequent assessment activities, with precise attributions of responsibility.

TIM's system for internal control over financial reporting is a process that operates continuously, for which periodic assessment phases are prescribed, intended to document and assess its planning and operational effectiveness. The process starts with the identification and assessment of the risks regarding financial reporting. For that purpose, TIM defines identification criteria of the organization limits and of the "significant" processes in terms of potential impact on the financial reporting, as well as on the risks resulting from non-achievement of the control objectives, due to potential non-intentional errors or frauds, if capable of having a significant impact on the financial reporting.

In particular, the annual process starts with the identification of the items and disclosures in the financial statements that are deemed significant, whether in terms of their quality value or with reference to updated materiality parameters. The reporting units that contribute significantly to the composition of the selected items are then identified. In parallel, the processes associated with these items are identified, and, for each process, the inherent risks are assessed, contextualising the risk of non-achievement of the general control objectives, phase by phase. The frequency of this assessment, at least once a year, allows the new risks inherent in the financial reporting, deriving from the evolution of exogenous or endogenous factors. The process continues with a more operational phase that consists in identifying the controls carried out in the Company which are able to mitigate the identified risks.

TIM uses different types of controls in its model, in order to assess all the components of the control system relating to the objective of trustworthy financial reporting. The Entity Level Controls are defined at Group/Company/Organisational Unit level, and have a pervasive impact on the effectiveness of the controls defined at process, transaction or application level; this set of controls therefore provides a representation of how sensitive the organisation is on topics such as corporate governance, risk management, responsibilities for the internal control system, the attribution of powers and responsibilities. IT General Controls are controls that apply to all systems, processes and data of IT organisations that contribute to financial reporting, and meet specific objectives. The Process Controls are the controls to protect the company processes and are carried out through human intervention and/or by IT applications.

The assessment phase of the controls against the risks identified is carried out through test activities, managed by a methodology guide and a strategy that are updated annually. Using top-down and risk-based logic, the test activities are differentiated by timing and depth, in relation to the type, classification and other characteristics of the controls. The test activities are designed to check both the efficacy of the design and the operational effectiveness of the control. If there is a negative outcome, due to a lack of efficacy in a control, the risk of error is then assessed in terms of probability and impact. The risk is then managed through the opening of a formal control shortcoming and with the definition, scheduling, and assignment of responsibilities for specific remedial plans.

The certification process is guided by an organisational procedure that identifies the roles and responsibilities for the different phases of its execution. The Chief Financial Officer retains the final responsibility for the whole process, and has a direct responsibility in the periodic definition of the perimeter of application of the reference standards, in the final and overall assessment of the financial reporting internal control system and in the management of relations with the Independent Auditor, assisted by his own specialist departments. The management, with the support of resources who coordinate the activities planned in the certification calendar in each business function/company, is responsible for identifying, implementing and assessing the controls against the risks identified, and consequently for the assessment and management of the control shortcomings, as well as for the execution of the remedial plans needed to overcome them. The Group Compliance Officer is responsible for defining and updating the methodology adopted and for monitoring the end-to-end process; they oversee the design of the controls, is responsible for the assurance activities (independent testing, follow-up to verify the assessment of control deficiencies) to reinforce management's attestation and provides support to management and the Chief Financial Officer at all stages of the process. The Chief Financial Officer receives periodic reports from the Group Compliance Officer on the progress of the activities and the results of the certification process.

The Group Compliance Officer, in coordination with the Chief Financial Officer, provides information to the Control and Risk Committee and the Board of Statutory Auditors on the performance of the certification process, with particular emphasis on any new control deficiencies that have emerged and been assessed as significant/material in terms of

potential impact of error/fraud on financial reporting, as well as the summary of remedial activities on previous control deficiencies.

TIM has implemented a system for the control and management of tax risks, in line with the OECD guidelines and the national tax framework (so-called Tax Control framework). In this regard, in 2019 TIM was admitted by the Italian Revenues Agency to the so-called "Collaborative Compliance" regime with effect from the 2017 tax period. This scheme involves a new way of interacting with the tax authorities, based on transparency and cooperation, so as to reduce the degree of uncertainty in the management of tax issues and prevent the risk of tax disputes.

9.1 Chief Executive Officer

The establishment and maintenance of the internal control system are assigned to the Chief Executive Officer and to the Executive responsible for preparing the corporate accounting documents for his area of responsibility, so as to ensure the overall adequacy of the system and its practical functioning, in a risk-based perspective.

The Chief Executive Officer oversees the identification of major company risks in the operational areas covered by his mandate. He implements the guidelines defined by the Board, overseeing the design, creation and management of the Internal Control System and constantly checking the system's adequacy and efficacy. He reports on issues and critical points that emerge during the execution of his activities to the Board of Directors. He may also ask the Audit Department to carry out checks on specific operational areas and on compliance with internal rules and procedures in the execution of company operations. The Chairmen of the Board of Directors, the Control and Risk Committee, the Board of Statutory Auditors and, when applicable, 231 Supervisory Body are notified of the start of the audit.

9.2 Control and Risk Committee

Composition and functioning of the control and risk committee (pursuant to Article 123-bis, paragraph 2, letter d), TUF)

The Control and Risk Committee was set up by the Board in the first meeting following its inauguration (1 April 2021) and is composed of non-executive Directors, all of whom are currently independent, including two drawn from the minority slate submitted in accordance with the Bylaws: for details, see Table 3.

The members of the Committee must have adequate skills for the tasks they are called on to carry out; at least one member shall possess adequate skills in accounting and finance or risk management.

The Committee (whose meetings are attended by the Chair of the Board of Statutory Auditors or any other Auditor delegated by said Chair, without prejudice to the possibility for all Statutory Auditors to attend and/or the organization of joint meetings with the Board of Statutory Auditors) can access the information and company departments necessary to carry out its tasks, inviting the managers responsible for the areas being discussed in each case to provide support. The Committee has been allocated a budget of EUR 500,000 for 2021, with autonomous spending power within this limit.

Without prejudice to the tasks assigned by the Borsa Code and by internal company rules⁽¹⁾, the Committee:

- monitors observance of the Company's corporate governance rules, the evolution of rules and best practice in the field of controls and corporate governance, also with a view to proposing updates to the internal practices and rules of the Company and the Group;
- establishes financial and non-financial fiscal year disclosure, in view of examination by the full board;
- to perform other duties assigned to it by the Board of Directors.

The Committee's operating procedures and the prerogatives acknowledged to it are governed by special regulations approved by the Board of Directors.

During 2021, the Committee defined the planning of its activities, based on the performance of the tasks assigned, holding 22 meetings, with an average duration of approx. 4 hours and 15 minutes and an average attendance rate of its members of 86.66%. In 2022 and up to the date of approval of this Report, 8 meetings of the Committee were held, with an attendance of 100%.

The topics discussed by the Committee during 2021 include, among others: the preliminary investigation into the financial and non-financial information published by the Company during the year; the monitoring of the activities of the control functions (Audit and Compliance), with analysis of the respective periodic reports and sharing of the assessment of the internal control and risk management system; the process of identifying and proposing the appointment of the new Head of Audit; the definition of the materiality matrix for the purposes of non-financial reporting (sustainability report); the analysis of the expression of interest by KKR with the consequent proposal to set up a special investigative committee; the examination of specific corporate processes and the analysis of specific

(1) Pursuant to the Company's Corporate Governance Principles, the Control and Risk Committee is responsible for issuing an opinion to the Board of Directors in relation to the appointment / revocation of the heads of the control functions and the determination of the related remuneration. The Chairman of the Control and Risk Committee serves as the liaison between the heads of the control functions and the Board of Directors, should the Chairman of the Board of Directors is an executive officer.

9.3 Head of the Internal Audit Department

Pursuant to the Corporate Governance Principles, in exercising its responsibilities for the Internal Control System, the Board, in addition to the Control and risk Committee, also utilizes the Head of the *Audit* Department.

The Board i) has appointed the head of the Audit Department of TIM S.p.A., Massimiliano Turconi, as the person responsible for verifying that the internal control and risk management system is operational, adequate and consistent with the guidelines defined by the Board, (ii) has defined his remuneration in line with company policies and (iii) ensures that he is provided with adequate resources to carry out his duties. The Head of the *Audit* Department has organisational independence to ensure that they can fully discharge their responsibilities, without any constraints in defining the scope of activities, carrying out actions and reporting results.

In compliance with the provisions of TIM's Corporate Governance Code and Corporate Governance Principles, the Head of the Audit Department:

1. verifies, both on an ongoing basis and in relation to specific needs and in compliance with international *standards*, the operation and suitability of the Internal Control and Risk Management System, through an *Audit* Plan based on a structured process of analysis and prioritisation of the main risks; on an annual basis, this Plan is approved by the Board of Directors, after presentation to and discussion with the Control and Risk Committee, having consulted the Board of Statutory Auditors and the Chief Executive Officer. As from the 2021 financial year, this Plan also integrates control activities for the purposes of the Supervisory Plan pursuant to Legislative Decree no. 231/01 of TIM, approved by the 231 Supervisory Body of TIM (see par. In addition, during the year, *audits additional to those planned* may be activated, according to specific requests or needs, at the request of the Chairman of the Board, the Chairman of the CRC, the CEO, the Board of Statutory Auditors and the 231 Supervisory Body;
2. reports hierarchically to the Board of Directors and is not responsible for any operational area;
3. is a member of the 231 Supervisory Body;
4. has direct access to all information useful for the performance of his or her duties;
5. drafts periodic reports containing adequate information on their own activity, and on the methods used to manage risks, as well as on compliance with the plans defined to mitigate them; these reports contain an assessment on the adequacy of the internal control system;
6. report to the Control and Risk Committee and to the Board of Statutory Auditors on the periodic reports referred to in the preceding paragraph;
7. promptly prepares reports on the findings of audits and sends them to the Chairman of the Board of Directors and the Chief Executive Officer, the Chairmen of the Control and Risk Committee and the Board of Statutory Auditors and, in relation to matters within the TIM area, also to the Chairman of the 231 Supervisory Board;
8. tests the reliability of the information systems, including the accounting system, as part of the audit plan.

The Audit Department also carries out its activities in subsidiaries without corresponding audit structures, acting in their interest and reporting to their respective bodies. In addition, the Audit Department interfaces and cooperates with the Audit Function of TIM S.A. (Brazil), with a view to coordinating, standardising and providing methodological guidance, subject to compliance with the applicable regulations and the responsibilities of that structure.

On the basis of the annual *risk-based* Plan and the specific *extra-Plan* requests received during the period, the Audit Department carries out its mandate by providing *assurance* and advisory services:

- *Assurance*: these are *internal audit* services that, through an objective assessment of evidence, are intended to formulate opinions or conclusions on activities, functions, processes, organization and systems. The Audit Department defines the nature and scope of the assurance appointment;
- *Consulting*: this activity is generally carried out upon a specific request of an internal client to support the company functions and improve processes. The nature and scope of the assignment are defined and carried out in agreement with the client; the Audit Department assumes no managerial responsibility for the assessment and implementation of the actions.

Whistleblowing activities complete the range of services provided: this involves the process of receiving, processing, analysing and filing reports, sent or transmitted by anyone, including anonymously, concerning suspect conduct that does not comply with the provisions of the Code of Ethics and Conduct of the TIM Group, the Policy for the Respect of Human Rights within the Group, the 231 Organisational Model adopted by the Group, internal procedures and any external regulations applicable to the Group.² The results of the investigative activities carried out are communicated to the 231 Supervisory Body and to the company structures concerned, for any initiatives within their competence. The

² For Reports concerning TIM S.p.A., the owner of the management process is the TIM Supervisory Board, which relies on the support of the Audit Department, without prejudice to the responsibilities and prerogatives of the Board of Statutory Auditors on reports addressed to it, including complaints pursuant to Article 2408 of the Italian Civil Code. For Reports concerning other TIM Entities, the owners of the process are the respective Supervisory Bodies.

Audit Department also provides the Chairman, the Chief Executive Officer, the Chairman of the Board of Statutory Auditors and the Chairman of the Control and Risk Committee, on a half-yearly basis, with a summary of the reports received and the main initiatives taken.

To perform these activities, the Audit Department is organized into the following areas:

- *Staff & Commercial Audit* - dedicated to audit activities on commercial, financial and transversal support processes;
- *Technical & Operations Audit* - dedicated to audit activities on technological (IT, Network, cyber security, ICT services and supplies) or specialist (Safety and Infrastructures) processes;
- *Domestic Subsidiaries Audit* - dedicated to audit activities on the processes of the Group's subsidiaries;
- *Spot Audit* - dedicated to audit activities not anticipated in the Plan that arise from requests by the Control Bodies and Top Management;
- *Whistleblowing & Relationship with the 231 Supervisory Body* - dedicated to managing the whistleblowing channel and supporting the Audit Department in managing relations with the 231 Supervisory Body;
- *Audit Governance & Continuous Improvement* - dedicated to the definition of the annual Audit Plan, the activities aimed at assessing the adequacy of the Internal Control and Risk Management System (ICRMS), the support to the Audit Department in the management of relations with the Control Bodies, as well as the reporting to them on the assurance and consulting programmes, the operational planning of the Department's resources, the monitoring and development of the reference methodological framework and the Department's continuous improvement programmes.

The Head of the Audit Department promotes, develops and supports a quality assurance and improvement programme, covering all aspects of internal audit activities and including a periodic assessment of compliance with the *International Professional Practices Framework (IPPF)*, as well as a periodic assessment of the effectiveness and efficiency of operations, also with reference to industry *best practices*. The Head of the Audit Department periodically reports to the Board of Directors, through the Control and Risk Committee, on the results of these assessments.

9.4 Organizational model pursuant to Legislative Decree 231/2001

The Internal Control System includes the so-called 231 Organizational Model, i.e. an organization, management and control model, aimed at preventing the commission of crimes of potential relevance for the Group, which may involve liability of the Company pursuant to Legislative Decree 231/2001.

The Organisational Model has been adopted not only by TIM but also by the Group's national subsidiaries - which have adopted their own versions - and is broken down as follows:

- General Part, which describes the Company and the governance system, refers the Code of Ethics and reports on the contents and impacts of Decree 231, the general characteristics of Model 231, its adoption, updating and application methods, the tasks of the 231 Supervisory Body, the Disciplinary System, as well as training and information activities;
- Special Part, which describes in detail, with reference to the specific Sensitive Processes and the types of offence associated with them, the map of Sensitive Activities, as well as the system of controls put in place to monitor and protect these activities;
- Annexes, which include: a) Code of Ethics and Conduct b) Set of Processes - Procedures - Responsibilities - Matrix for the Offence 231 family; c) Regulatory technical annex containing details of all offences under Decree 231.

With particular reference to the Sensitive Processes, the Company has provided for:

- General Control Standards, i.e. applicable irrespective of the process and/or activity at risk (Segregation of duties, roles and responsibilities, traceability of activities and controls, definition of appropriate process roles and responsibilities, regulation of activities through company rules);
- Specific Control Standards, i.e. specifically defined for the management of individual Sensitive Processes/Activities;
- Transversal Control Standards, i.e., defined for the governance of other relevant compliance issues, but having an impact in terms of strengthening the control of Sensitive Processes/Activities (e.g., Internal Control System on Financial Reporting, Anti-Corruption Management System, Tax Control Framework);
- Area of Transversal Do's and Don'ts and process Behavioural Indications in which the prescriptions and/or prohibitions for all processes are set out without distinction, i.e. for each sensitive process and activity.

The Organisational Model is a dynamic instrument which affects the company's operations and which, in turn, must be verified and updated in the light of feedback as well as the evolution of the relevant regulatory framework and any changes made to the company organisation.

As provided for by the Corporate Governance Principles, the Board has assigned the supervisory functions pursuant to Legislative Decree no. 231/2001 to a collegial body specifically set up with professionals from inside and outside the Company, with autonomous powers of initiative and control (the "231 Supervisory Body"). The current 231 Supervisory Body is composed of four members, including the Chairman and a member identified in external professionals (Mr Giuseppe Pignatone and Professor Carlo Piergallini), in addition to the head of the Audit Department and the Statutory Auditor Anna Doro, in order to ensure coordination between the various parties involved in the internal control and risk

management system. The 231 Supervisory Body is responsible for updating the 231 Model, submitting to the Board of Directors any amendments and/or additions that may be necessary in the light of changes to the regulatory or organisational framework or as a result of the actual implementation of the 231 Model. To such purpose, the 231 Supervisory Body avails of a managerial committee, called the 231 Steering Committee, coordinated by the Compliance Department and supported, in the performance of its duties, by all the company departments concerned.

The Organisational Model also constitutes an integral component of the reference compliance program for the application of anti-corruption legislation. In this context, a foreign version of it has also been defined for adoption by the non-Italian subsidiaries, also taking account of the possible application of similar regulations at local level. In particular, a specific Organisational Model is adopted for TIM S.A., in application of Brazilian anti-corruption law.

The types of offences envisaged in the 231 Organizational Model of the company mainly refer to offences against the Public Administration, corporate crimes, tax crimes, child pornography, manslaughter and injury due to accidents at work, crimes of market abuse, stolen goods, money laundering and self-laundering, computer crimes, infringement of trademarks / patents and copyrights, environmental crimes, the employment of illegally staying third-country nationals, organized crime offences, racism and xenophobia.

The 231 Supervisory Body monitors the effectiveness of and compliance with the Organisational Model and reports to the Board of Directors on the monitoring and verification activities and their results.

The 231 Supervisory Body coordinates with the Audit Department and the Compliance Department for the aspects within their remit. Specifically, the Audit Department supports the 231 SB in the performance of its tasks through a dedicated Technical office while the Compliance Department supports the updating of the 231 Model, management of regular and event-driven information flows, monitoring of legislative and case law developments concerning the liability of entities and training on 231 issues.

As of the financial year 2021, the control activities relating to the Supervisory Plan (conducted by the Compliance Department until the financial year 2020) were conducted by the Audit Department.

On TIM's website there is a section dedicated to the Organisational Model 231 adopted (www.gruppotim.it section *Group/Governance/Governance Tools/231 Organizational Model*).

Anti-bribery

In 2019, TIM adopted the Anti-Bribery Management System (also "ABMS") for which certification was achieved according to the UNI ISO 37001 "Anti-bribery Management Systems" Standard by a specific accredited body. This system - which is an integral part of the broader Internal Control System - was defined to support the Company in preventing, detecting and responding to phenomena related to bribery, in compliance with the relevant anti-bribery laws and the commitments voluntarily undertaken and applicable to its business.

The Anti-Bribery Management System is mainly addressed to employees and collaborators of TIM and to members of corporate bodies. It consists of the following elements:

- the Code of Ethics and Conduct;
- the Group Anti-Bribery Policy, which aims to provide a systematic framework for managing the prevention of bribery;
- the "TIM S.p.A. Anti-Bribery Management System" document;
- company protocols, such as in particular Organizational and Operational Procedures;

On an organisational level, the *Compliance* Department is assigned the role of compliance function for the prevention of corruption, responsible for implementing and monitoring the EMS within the company organisation and, more generally, its compliance with the requirements of the UNI ISO 37001/2016 standard. The 231 Steering Committee has overall responsibility for implementation and compliance with the Anti-Bribery Management System. The Audit Department carries out periodic audits aimed at assessing the conformity of TIM'S EMS with the UNI ISO 37001/2016 standard.

The TIM website has a special section devoted to the Group's Anti-Bribery Policy (www.gruppotim.it, section in *Group/Governance channel/Governance tools/Other Codes and Procedures*).

9.5 Independent Auditor

The Shareholders' Meeting held on 29 March 2019 appointed EY S.p.A., for the 2019-2027 nine-year period, to audit the separate financial statements of TIM S.p.A. and the consolidated and condensed interim financial statements of the TIM Group, the system of internal controls overseeing the process of preparing the consolidated financial statements, as well as to certify the conformity of the Company's consolidated non-financial statement. In accordance with applicable legislation, the determination was made based on the justified recommendation of the Board of Statutory Auditors.

TIM has adopted special guidelines for appointing auditing firms, which may be consulted on the website www.gruppotim.it, in the section *The Group/Governance channel/Governance tools/Procedures*. In accordance with such guidelines, the selection of an independent auditor nominated for the appointment was carried out after a comparative analysis performed under the supervision of the Board of Statutory Auditors, which was supported by the corporate structures. In evaluating candidatures, particular consideration was given to the skills and specific audit experience in the telecommunications sector, the adequacy of the organisation and operating structure and the technical skills of the

proposed Audit Team in relation to the requirements connected with the size and complexity of the Company and the Group it heads, the independence and autonomy of judgement with respect to the Company and the Group, the consistency of the fees requested in relation to the activities planned and the levels of professionalism guaranteed. The analysis was coordinated by the Company's Executive responsible for preparing the corporate accounting documents, under the supervision of the Board of Statutory Auditors of the Parent Company and, as far as they were concerned, the Audit Committees of the main subsidiaries. The auditor appointed by the Parent Company's Shareholders' Meeting is in fact the main auditor of the entire TIM Group.

Appointment of audit services and audit-related services to companies different from the appointed external auditor and/or entities belonging to its network must be previously verified with the executive responsible for preparing the Parent company accounting documents, who will set in motion the necessary approval and reporting processes, complying with the applicable regulations. On the other hand, in order to protect the independence of the appointed auditor, the Guidelines establish the principle that the conferral of further assignments is limited to services and activities strictly related to the audit of the financial statements and is subject to the limits and prohibitions resulting from the relevant (Italian, EU, non-EU) legislation, the principles set out in the Guidelines and the criteria established by the Board of Statutory Auditors of the Parent Company.

9.6 Executive responsible for preparing the corporate accounting documents and other corporate roles and functions

As per the Bylaws, the Board of Directors appoints the Executive responsible for preparing the accounting documents of the Company, after hearing the opinion of the Board of Statutory Auditors. Attributions and powers are governed by specific Regulations, which can be consulted on the website www.gruppotim.it section *The Group/Governance* channel / *Governance tools / Regulations*.

Following its renewal, the Board of Directors confirmed Giovanni Ronca in his position in its meeting of 1 April 2021. With a resolution passed on 14 February 2022, Adrian Calaza was asked to take over from Mr. Ronca as Chief Financial Officer (CFO) as of 1 March 2022; the Board of Directors established that the takeover was to take place after the filing of the Company's draft financial statements for 2021.

As the person legally responsible for the preparation of suitable administrative and accounting procedures to draw up the annual accounts and consolidated financial statements as well as any other financial communications, the appointed executive is one of the main subjects involved in the operation of the Internal Control System and the management of risks. The specific Regulation gives him a functional responsibility (organisational and by area of activity) with respect to internal controls with regard to *financial reporting*, clarifying that, in relation to this, he is supported by the Executive Director as well as by the Company's management. The manager reports to the Board of Directors, the Control and Risk Committee and – for those matters within its competence – the Board of Statutory Auditors.

9.7 Coordination of subjects involved in the internal control and risk management system

The players in the Internal Control System operate by prioritising the effectiveness of supervision, while pursuing the objectives of simplification and operational efficiency, in terms of organisational design and operational deployment. The Board of Statutory Auditors benefits from secretarial support provided by the Company, as well as from free access to consultants of its choice, without budget constraints.

The main subjects involved in the operation of the Internal Control System are:

1. the Board of Directors, which provides direction and periodic (annual) assessment of the system;
2. the Chief Executive Officer, as Director charged with the establishment and maintenance of the system, in accordance with the guidelines defined by the full Board of Directors (see preceding paragraph 9.1);
3. the Control and Risk Committee, with the role of providing investigative support to the Board in relation to its internal control and risk management duties (see preceding Chapter 9);
4. the *Audit* Department (the sole responsible for third level controls), which reports directly to the Board of Directors and whose *mission*, briefly, is to test the functioning and adequacy of the system (see preceding paragraph 9.3);
5. the *Compliance* Department (managed by Giampaolo Leone - *Group Compliance Officer*), who reports hierarchically to the Board of Directors and is responsible for the Group's institutional/regulatory and commercial *compliance*, and compliance in technology and *IT security* processes;
6. the executive responsible for preparing the accounting documents of the Company, appointed by the Board, with the competences provided for by law and rights defined in the specific internal regulations (see preceding paragraph 9.6);

7. the Board of Statutory Auditors.

The *Data Protection Officer* is added to these actors, in accordance with the "EU Regulation 2016/679, on the protection of personal data of natural persons" (GDPR), a role assigned to the Head of the Legal & Tax Department, who at the date of approval of this Report was Agostino Nuzzolo.

The creation of a managerial figure in charge of *compliance* meets the Group's specific needs in terms of internal controls and as such is provided for by the Corporate Governance Principles.

The Chairman of the Board of Directors (when non-executive) plays a liaison role between the Board of Directors and the control structures that are hierarchically subordinated to the Board: this is a guarantee function, which is independent from the operational aspects of controls, but aims to facilitate the board's supervision over the control functions that are hierarchically subordinated to the Board of Directors. The Chairman of the Board of Directors is also in charge of the ordinary management of the relative executives' employment with the Company.

As far as the Group's risk profile is concerned, the Risk Management process implemented withing the Group guarantees the coordination of all the subjects involved in the internal control process thanks to a two-way information flow, through the dedicated structures in the *Chief Financial Officer* and the work of the *Risk Management Steering Committee*.

10. INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

In accordance with the Company's Corporate Governance Principles, the members of the corporate bodies make their decisions with free judgement, in the interest of the issuer and of the generality of the shareholders, promptly *disclosing* any extra-social interest they may have with respect to the transactions submitted to their examination for resolution, proposal, investigation, consultation or control purposes.

If they have an interest, they shall declare:

- ✓ whether it is an interest on their own account, or on that of third parties (specifying the identity of the person, as well as the characteristics and origin of the relationship);
- ✓ the origin and nature (economic, regarding image or some other kind) of their interest;
- ✓ the terms of the interest, with particular regard to the terms of the relationship (and in particular, of the potential conflict) with the interest of the company;
- ✓ the qualitative and quantitative extent of the interest,

providing for this purpose all appropriate descriptive elements to enable their colleagues, individually and collectively, to always be able to operate in an aware and informed way. .

In compliance with the Consob Related Parties Regulation, the Company has adopted a procedure for carrying out transactions with related parties, which can be found at <https://www.gruppotim.it/en/group/governance/governance-tools/other-codes-procedures.html>

The procedure envisages in particular:

- the establishment of a specialised Board committee (as set out below), responsible for transactions with related parties carried out by both TIM and its subsidiaries (except in the case of excluded transactions);
- the classification of excluded unqualified Related Party Transactions (as per the specific definition) into Major and Minor Transactions;
- the adoption of an annual limit for small amount transactions, diversified according to the physical or legal nature of the related party (respectively 100,000 and 1,000,000 euros);
- the definition of "Related Parties", by reference to the accounting standards applied by the Company in preparing its financial statements;
- the allocation to the Compliance function of the activity of managing and updating the Related Party List, and more generally, of analysing and supporting the Related Party Committee. The *Group Compliance Officer* also oversees the reporting to the Board of Directors (through the specific committee) and the Board of Statutory Auditors.

The non-binding opinions of the Committee concern the Company's interests in the execution of the transaction as well as the substantial correctness and suitability of the applicable conditions. In view of the issue of the opinion, a specific investigation is carried out, coordinated by the Group Compliance Officer (who in particular assesses the classification of the terms and conditions of the transaction as market or standard, on a case-by-case basis, in concrete terms and taking into account all the relevant circumstances) and to whom the management is required to provide its cooperation. If the Committee issues a negative opinion on major transactions, the Board of Directors is entitled to submit the initiative to the Shareholders' Meeting for authorization.

In its meeting of 23 June 2021, the Board of Directors updated the company procedure for carrying out transactions with related parties⁽³⁾, drawn up in compliance with Consob Regulation no. 17221 of 12 March 2010, bringing it into line with the provisions of European regulations and available on the company's website (<https://www.gruppotim.it/en/group/governance/governance-tools/other-codes-procedures.html>).

Disclosure of related party transactions during the reporting period is included in the Annual Financial Report, in the chapter Related Party Transactions.

An IT application is used to support the correct application of the procedure; it allows verification of the correlation and the tracing and documentation of the authorization process necessary for its completion.

Related Party Committee

The Board of 1 April 2021 set up the Related Parties Committee consisting of five independent directors, two of whom were taken from the minority slate: for details, see Table 3.

The Committee (whose meetings are attended by the Chair of the Board of Statutory Auditors or any other Auditor delegated by said Chair, without prejudice to the possibility for all Statutory Auditors to attend) can access the company information necessary to carry out its tasks, making use of the Company units; in accordance with the current Related Party Procedure, it is supported by the Group Compliance Officer who governs its responsibilities and activities. The Committee has been assigned a budget of EUR 250,000 for 2021, with autonomous spending power within this limit, without prejudice to the possibility of activating independent experts of its own choice to carry out the activities for

⁽³⁾ The term "related party" to TIM refers to parties identified as such on the basis of the international accounting standards referred to in Article 3 para. 1 letter a) of the Consob Regulation adopted by resolution no. 17221/2010 and subsequent amendments. More details are available in 'Transactions with related parties' in the Report on Operations.

which it is responsible, as per Consob Related Parties Regulation.

The Committee's operating procedures and its acknowledged prerogatives are governed not only by the Procedure for Related Party Transactions mentioned above, but also by specific regulations approved by the Board of Directors.

In 2021, the Committee defined the scheduling of its activities according to the performance of the tasks entrusted to it and met 13 times, for an average duration of the meetings of approximately 2 hours and 25 minutes, with an attendance rate of 98.33%. In 2022 and up to the date of approval of this Report, 3 meetings were held, with an attendance rate of around 87%.

During 2021, the Committee analysed and issued opinions on specific transactions; it acquired the reports prepared by the *Compliance* department, as per procedure, verifying their exact compliance; it monitored the perimeter of the company's related parties. The Committee carried out a specific analysis of the changes introduced in December 2020 by Consob in the regulations on related party transactions, in order to implement the Shareholders Rights Directive II, and instructed the adaptation of the Company Procedure for carrying out related party transactions.

At present in TIM, At the self-regulatory level, and without prejudice to compliance with the provisions on transactions with related parties, there is currently no general rule within TIM for removing from meetings Directors with an extra-corporate interest and/or for compulsory abstention from voting by them, but a *disclosure* regime applies. The matter is governed by the Corporate Governance Principles (see paragraph 2.2) and by the Board's internal Regulations (see article 2.11).

11. BOARD OF STATUTORY AUDITORS

11.1 Appointment and replacement

In accordance with Art. 17 of the Bylaws, the Board of Statutory Auditors is composed of five standing auditors, of whom three of one gender and two of the other. The Shareholders' Meeting also appoints four alternate auditors, two of each gender.

Appointments are made based on slates presented by shareholders who together hold shares representing at least 0.5% of the ordinary capital. The slates are divided into two sections: one for candidates for the office of standing auditor and the other for candidates for the office of alternate auditor. Sections that contain a number of candidates greater than or equal to three must ensure that both genders are present, in such a way that candidates of the less represented gender are at least one third of the total, rounding any fractions up to the whole number. The first candidate in each section shall be selected from among the independent auditors entered in the appropriate register who have worked on external audits for a period of not less than three years. Three standing and two alternate auditors are chosen from the slate that obtains the majority of the votes (so-called Majority Slate), while the remaining standing and alternate auditors are chosen from other slates (so-called Minority Slates) proportionally (the quotients method). If more than one candidate obtains the same quotient, the candidate from the slate that has not yet elected a statutory auditor is elected or, subordinately, there is a tiebreaker vote by the Shareholders' Meeting.

If the composition of the resulting board or category of alternate auditors does not reflect the gender balance, taking into account the ranking order in the respective sections, the necessary number of the last candidates of the more represented gender elected from the Majority Slate shall forfeit their position to ensure compliance with this requirement, and shall be replaced by the first unelected candidates of the less represented gender on the same slate and the same section. In the absence of candidates of the less represented gender in the relevant section of the Majority Slate in sufficient number to proceed with the replacement, the Shareholders' Meeting shall appoint the standing or alternate auditors that are missing with the majorities required by law, ensuring that the requirement is met.

In the event that a statutory auditor chosen from the Majority Slate or one of the Minority Slates should cease to serve, the alternate auditors from the Majority Slate or the Minority Slates shall take his/her place, in order of age, respecting the requirements for the composition of the body. Appointments to fill vacancies on the Board of Statutory Auditors pursuant to Article 2401 of the Italian Civil Code shall be approved by the Shareholders' Meeting with the affirmative vote of the absolute majority of those voting and in compliance with the principle of the necessary representation of the minority shareholders, and of the requirements regarding gender balance. In the event that a Standing Auditor chosen from the Minority Slates should cease to serve, the principle of necessary representation of the minorities shall be deemed to have been respected if one of the alternate auditors chosen from the Minority Slates takes his/her place.

11.2 Composition and operation (pursuant to art. 123-bis, paragraph 2, letters d) and d-bis), Consolidated Law on Finance)

The Shareholders' Meeting of March 31, 2021 appointed the serving Board of Statutory Auditors, whose term will expire with the Shareholders' Meeting that will approve the financial statements for financial year 2023.

At that time three slates were presented within the terms and according to the procedure required by the applicable regulation,

- by the relative majority shareholder Vivendi S.A.;
- by a group of Asset Management Companies and international institutional investors, and specifically: Amundi Asset Management SGR S.p.A. fund manager: Amundi Sviluppo Italia, Seconda Pensione Espansione Esg, Seconda Pensione Sviluppo Esg, Amundi Dividendo Italia, Amundi Accumulazione Italia Pir 2023; Arca Fondi SGR S.p.A. fund manager: Fondo Arca Azioni Italia, Fondo Arca Azioni Europa, Fondo Arca BB, Fondo Pensione Arca Previdenza Alta Crescita, Fondo Arca Economia Reale Bilanciato Italia 55, Fondo Arca Azioni Internazionali, Fondo Pensione Arca Previdenza Rendita, Fondo Pensione Arca Previdenza Crescita; Etica SGR S.p.A. fund manager: Fondo Etica Rendita Bilanciata, Fondo Etica Obbligazionario Misto, Fondo Etica Bilanciato, Fondo Etica Azionario; Eurizon Capital S.A. manager of the Eurizon Fund sections: Italian Equity Opportunities, Equity Europe LTE, Equity Italy Smart Volatility, Active Allocation, Equity Europe ESG LTE; Eurizon Capital SGR S.p.A fund manager: Eurizon Progetto Italia 70, Eurizon Pir Italia Azioni, Eurizon Azioni Italia, Eurizon Progetto Italia 40; Epsilon SGR S.p.A. manager of fund Epsilon Qequity; Fidelity Funds – SICAV; Fideuram Asset Management Ireland manager of fund Fonditalia Equity Italy; Fideuram Intesa Sanpaolo Private Banking Asset Management SGR S.p.A. fund manager: Fideuram Italia, Piano Azioni Italia, Piano Bilanciato Italia 30, Piano Bilanciato Italia 50; Interfund Sicav - Interfund Equity Italy; Mediolanum Gestione Fondi SGR S.p.A. fund manager: Mediolanum Flessibile Futuro Italia; Pramerica Sicav Italian Equity segment, as well as
- Cassa depositi e prestiti S.p.A.(CDP slate).

From the Vivendi slate, which obtained more votes (24.28% of the voting capital), three standing auditors and two

alternate auditors were appointed: Angelo Rocco Bonisconi (Standing Auditor), Francesca di Donato (Standing Auditor), Massimo Gambini (Standing Auditor), Franco Maurizio Lagro (Alternate Auditor) and Ilaria Antonella Belluco (Alternate Auditor). The remaining appointees were chosen from the Asset Management Companies slate (which obtained 22.55% of the votes): Francesco Fallacara (Standing Auditor), Anna Doro (Standing Auditor), Paolo Prandi (Alternate Auditor) and Laura Fiordelisi (Alternate Auditor). No statutory auditor was drawn from the CDP slate (which received 10.40% of votes). The Shareholders' Meeting appointed the Francesco Fallacara as Chairman of the Board of Statutory Auditors. Table 4 presents detailed information on the composition of the Board of Statutory Auditors. The *curricula vitae* of the Statutory Auditors are available on the website www.gruppotim.it, Group Section – Governance channel/Board of Statutory Auditors/Composition.

The Board of Statutory Auditors performs the activities assigned to it by Italian rules. For detailed information on the activities performed, please refer to the report to the Shareholders' Meeting prepared pursuant to article 153 of the CLF. The Statutory Auditors take part in meetings with the *management*, aimed at providing the members of the Board of Directors with knowledge of the business sector in which the company operates, of the company's safeguards and dynamics and of their evolution. Furthermore, It is company practice to facilitate participation in external training initiatives by the members of its collective bodies.

The Board of Statutory Auditors (whose members report any interests in relation to the matters under discussion) has access to the company information and functions and all its members can take part in the various meetings of the various board committees. The Company provides the control body with secretarial support for the organization of meetings and for keeping the books of meeting, the ability to request the control functions directly reporting to the Board of Directors to perform specific audits and access to external consultants chosen at the discretion of the body, with no predetermined amount limits.

During 2021, 46 meetings were held (7 of which jointly with the Control and Risk Committee, which all the Statutory Auditors always have the possibility to attend).

The average duration of the meetings was 2 hours and 38 minutes. The average attendance percentage was around 96%.

In 2022 and up to the date of approval of the Report, 16 meetings were held (of which 5 jointly with the Control and Risk Committee), with a 100% participation rate.

The Company believes that, in addition to the legal requirements, the provisions of the Bylaws relating to the number of members of the Board of Statutory Auditors, as well as the method of appointment (five members, with room for the representation of a plurality of slates, which compete for the shareholders' preference), is a useful additional safeguard for the independence and professional strength of the Board of Statutory Auditors.

Diversity criteria and policies

For the Company's diversity policies, please refer to the considerations made in paragraph 4.3.

No specific diversity policies have been adopted in relation to the composition of the control bodies, as this matter is entirely the responsibility of the shareholders, in the exercise of the rights of candidacy assigned to them by law and the bylaws.

Independence

The verification by the Board of Statutory Auditors that its members meet the requisites of honour, professionalism and independence, following their appointment by the Shareholders' Meeting, was carried out in the meeting of 1 April 2021 and, for 2022, in the meeting of 4 February 2022, applying - among others - the criteria indicated in the Stock Exchange Code for assessing the independence of directors. The outcome of the verifications in both cases confirmed that the legal requirements were met, as was compliance with the aforementioned independence criteria for all the Statutory Auditors in office.

Remuneration

The annual fees were established at the time of the Shareholders' Meeting held to renew the control body, on the proposal of the shareholder Vivendi, as EUR 95,000 for each of the Standing Auditors, EUR 135,000 for the Chairman of the Board of Statutory Auditors and EUR 15,000 for the Standing Auditor also member of the Company's Supervisory Body pursuant to Legislative Decree no. 231/2001.

Interest management

In accordance with the Company's Corporate Governance Principles, the Statutory Auditors (like the other members of the corporate bodies) make their decisions with free judgement, in the interest of the issuer and of the generality of shareholders, promptly *disclosing* any extra-corporate interest they may have with respect to transactions submitted to their examination for resolution, proposal, investigation, consultation or control purposes.

If they have an interest, they shall declare:

✓ whether it is an interest on their own account, or on that of third parties (specifying the identity of the person, as

- well as the characteristics and origin of the relationship);
 - ✓ the origin and nature (economic, regarding image or some other kind) of their interest;
 - ✓ the terms of the interest, with particular regard to the terms of the relationship (and in particular, of the potential conflict) with the interest of the company;
 - ✓ the qualitative and quantitative extent of the interest,
- providing for this purpose all appropriate descriptive elements to enable their colleagues, individually and collectively, to always be able to operate in an aware and informed way. .

12. RELATIONS WITH SHAREHOLDERS

Access to information

In the Investors section of the institutional website (www.gruppotim.it section Investor) financial information for shareholders and investors (including bond investors), both current and potential, as well as the contact details of the Investor Relations team are available.

The contact details of the Investor Relations office are:

Institutional investors:

TIM S.p.A. - ref. Investor Relations

Via Gaetano Negri, 1

20123 Milan

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TIM S.p.A.'s Investor Relations department, headed by Carola Bardelli, reports to the CEO and is responsible for communicating the Group's results, targets and strategies to the financial community, maintaining an open and constructive dialogue with equity and credit analysts, investment funds including those with an ESG focus, retail shareholders, bondholders and associations of small shareholders.

The financial communication programme in 2021 took place mainly through participation in virtual events with investors and stakeholders of different nationalities. Quarterly conference calls on financial results, and related roadshows with equity investors, ESG and credit investment funds and various virtual meetings with the financial community were planned and organised. There was no shortage of opportunities to participate in sectoral conferences, organised by Italian and international banks. Overall, there were more than 630 communication meetings aimed at maintaining and expanding the Italian and international investor base.

2021	Event
January - February	Virtual Reverse Roadshows with investors
March - April	Q4 2020 financial results, 2021-2023 Plan Update and related conference call with analysts Virtual roadshow with Italian and international investors for the presentation of Q4 2020 financial results and 2021-2023 Plan Update Virtual industry conferences with investors Pre-meeting engagement with investors
May - June	Q1 2021 financial results and related conference call with analysts Virtual roadshow with Italian and international investors for the presentation of Q1 2021 financial results Virtual industry conferences with investors Virtual Reverse Roadshows with investors
July - August with ESG equity investors	Q2 2021 financial results and related analyst conference call Virtual conference Virtual meetings with investors
September - October	Virtual industry conferences with investors Virtual Reverse Roadshows with investors Virtual conference with ESG equity and credit investors Q3 2021 financial results and related conference call with analysts
November - December	Two-way and one-way engagement with Investors Virtual industry conferences with investors Virtual conference with ESG equity and credit investors

The topics of greatest interest to the Financial Community included:

- the evolution of the domestic, mobile, fixed and *wholesale* competitive environment and the growth of competition in the fixed market;
- the non-binding expression of interest received from KKR, in relation to its possible intention to launch a

- takeover bid for 100% of the Company's ordinary and savings shares;
- the economic and financial situation of the TIM Group and the influence of multiple macroeconomic factors (consumer confidence, interest rates, exchange rates and market inflation during and after the pandemic);
- monitoring of organic and derived from extraordinary Group operations *deleverage*;
- cash generation and working capital performance;
- cost reduction management and Group's investment performance;
- revision of estimates and updating of the 2021 year-end forecast (profit warning);
- the consolidation of Noovle in the national Cloud market to provide solutions and technologies for the digitalisation of the country and in particular for the Public Administration;
- the start of FiberCop's activities to lay optical fibre to Italian homes to make ultra-fast connections available;
- the growth in FTTx technology customers, convergent services and penetration of ICT services in the business segment;
- the agreement with DAZN for the distribution of sports content via streaming;
- the launch of 'Magnifica', which allows customers to navigate at up to 10Gbs;
- the effects of European (Next Generation EU Fund) and national (NRRP) policies on the telecommunications sector, specifically concerning:
 - ✓ the disbursement of funds for Vouchers, considered a great opportunity to enable the entire Italian population to access an ultra-fast connection and to accelerate the digitalisation of Italy;
 - ✓ infrastructural coverage of grey and 5G areas
 - ✓ the launch of the Cloud National Hub, the agreement in partnership with Leonardo, Sogei and CDP Equity to provide infrastructure, services and training for the Public Administration.
- the development of TIM Brasil and its results, as well as extraordinary transactions such as the acquisition of Oi's mobile network in partnership with Telefónica Brasil and Claro;
- corporate governance issues;
- ESG issues, for which please refer to the sustainability report;

Dialogue with shareholders

At its meeting on 16 December 2020, the Board of Directors approved the Engagement Policy (available at <https://www.gruppotim.it/en/group/governance/governance-tools/other-codes-procedures.html>), a document that formalises the subject of dialogue with shareholders in general, as recommended in Borsa Italiana's Code. The document contains an overall framework, which can be adapted to the specific case.

While, in principle, it is open to all its stakeholders on any subject (in line with the current governance choices), the Company reserves the right to make a discretionary assessment of the actual engagement, again in compliance with the various (external and internal) regulations applicable. This area is also subject to the Board's steering role, fed by reporting, the responsibility for which is assigned to the Chairman.

13. SHAREHOLDERS' MEETINGS

Pursuant to law, the shareholders entitled to attend the Meeting and to vote are those for whom the reference intermediary sent the Company specific communication certifying such right at the record date (seventh working day prior to the meeting first call).

The Ordinary Shareholders' Meeting resolves on those matters established by law and authorizes the Company's transactions with related parties that qualify as major transactions and on which the responsible Committee has expressed an unfavourable opinion, where the Board of Directors intends to overrule such opinion. The Bylaws provide that decisions on mergers into TIM or demergers in favour of Telecom Italia of companies of which TIM owns at least 90% of the share capital, the reduction of the share capital in the event of withdrawal of the shareholders, the revision of the Bylaws to conform with statutory provisions, the relocation of the Company's registered office within Italy, and the opening and closing of secondary offices are matters that are remitted to the competence of the Board of Directors.

As regards the COVID-19 epidemiological emergency, the Shareholders' Meeting of 31 March 2021 was held in the manner permitted by the exceptional rules contained in Decree Law No. 18 of 17 March 2020. Attendance at the Shareholders' Meeting was exclusively through the designated representative pursuant to Article 135-undecies of Legislative Decree no. 58 (CLF) of 24 February, in the person of Studio Legale Trevisan & Associati of Milan and the Board of Directors, enabling shareholders to vote electronically (in addition to voting by post): Six Directors, out of a total of 13 in office (due to the resignation of two directors before the end of their term of office), attended the Meeting, connected by video conference.

The procedures for managing the Shareholders' Meetings applied in 2021 will be repeated for the Shareholders' Meeting of 07 April 2022, given the continuation of the health emergency and confirmation of the exceptional regulatory regime mentioned above.

In TIM, the ordinary shareholders may also exercise their voting rights by post, and the Board has the power to permit electronic voting, specifying the arrangements for this in the call notice. For this purpose, it is practice to activate a special platform that can be accessed through the Company website.

In order to ensure that the shareholders' meetings are conducted properly, since 2000 the Company has adopted a set of Rules for Shareholders' Meetings, which can be consulted at <https://www.gruppotim.it/en/group/governance/governance-tools/regulations.html>

In relation to the manner in which the Annual General Meeting was to be held in 2021, the Chairs of the Board Committees did not have the opportunity to report to the shareholders on how the functions of their respective committees were exercised.

During the financial year, the single largest shareholder remained Vivendi S.A., whose percentage of the voting capital is set out in Table 1 "Information on Share Ownership."

14. FURTHER CORPORATE GOVERNANCE PRACTICES

In relation to the indicative and non-binding expression of interest sent by Kohlberg Kravis Roberts & Co. L.P., on 19 November, while reserving the right to assess any strategic options in the interest of the Company and its stakeholders, the Board of Directors set up an ad hoc Committee on 26 November 2021 - at the proposal of the Control and Risk Committee - consisting of the Chairman of the Board of Directors and four Independent Directors: the Lead Independent Director and Directors Paolo Boccardelli, Marella Moretti and Ilaria Romagnoli. For details, see Table 3.

In 2021, the ad hoc Committee met five times with an average meeting duration of about two hours and an attendance rate of 100%. In 2022 and up to the date of approval of this Report, xx meetings were held, with an attendance rate of [100%].

15. CHANGES SINCE THE END OF THE REFERENCE YEAR

Following the resignation tendered by Mr. Luigi Gubitosi on 17 December 2021, in its meeting of 21 January 2022, on the recommendation of the Nomination and Remuneration Committee, the Board of Directors co-opted Pietro Labriola as a Director, appointing him as Chief Executive Officer. Pietro Labriola is an Executive Director (non-independent). Chairman Salvatore Rossi retained the communication mandate in respect of the non-binding indicative expression of interest received from KKR & Co. and the ensuing process.

When defining the delegations and powers of the CEO, the Board of Directors decided to adapt the various self-regulatory instruments to the new power structure. The revision of the different documents is ongoing.

16. CONSIDERATIONS ON THE LETTER FROM THE CHAIRMAN FOR CORPORATE GOVERNANCE COMMITTEE

The letter from the Chairman of the Corporate Governance Committee was brought to the attention of the Chairmen of the Board of Directors, the Control and Risk Committee and the Board of Statutory Auditors, and presented to the Committee (which, pursuant to the TIM Corporate Governance Principles, "monitors compliance with corporate governance rules, regulatory developments and best practices").

The recommendations have all been given specific attention by the Board of Directors and its committees. The recommendations regarding disclosure in this Report have been taken into account in the preparation of the document.

TABLE 1 - INFORMATION ON SHARE OWNERSHIP

Share capital structure up to 31 December 2021				
	No. shares	% of share capital	Listed (indicate markets) / unlisted	Rights and obligations
Ordinary shares	15,329,466,496	71.78%	Listed on Borsa Italiana S.p.A.	Voting rights at the Company Ordinary and Extraordinary Meetings
Savings shares	6,027,791,699	28.22%	Listed on Borsa Italiana S.p.A.	Right to vote in special shareholders' meetings; preferential capital rights envisaged in Article 6 of the Bylaws: Preference dividend 5%, in the amount of 0.55 euro per share, biennial carrying over of the right to a preference dividend, dividend 2% (0.55 euro per share) higher than the dividend on ordinary shares

Other financial instruments (attributing the right to subscribe newly issued shares)

	Listed (indicate markets)/non listed	Number of instruments in circulation	Category of shares available for conversion/subsorption	Number of shares available for conversion/subsorption
Convertible Bonds ⁽¹⁾	Vienna Stock Exchange	20,000	TIM ordinary shares	⁽²⁾

(1) Bonds entitled "€2,000,000,000 1.125 per cent. Equity-Linked Bonds due 2022" issued by TIM S.p.A.

(2) Exclusively to service the bond issued by TIM S.p.A., the Company resolved to increase the share capital for payment, for a total maximum amount, including any share premium, of 2.0 billion euros. The maximum number of conversion shares that may be issued shall be determined by the issue price of the shares. Each instrument in circulation is worth 100,000 euros.

Significant shareholdings as at 31 December 2021

Declarant	Direct shareholder	% of ordinary capital	% of voting capital
Vivendi S.A.	Vivendi S.A.	23.75%	23.75%
Cassa Depositi e Prestiti S.p.A.	Cassa Depositi e Prestiti S.p.A.	9.81%	9.81%

TABLE 2 - STRUCTURE OF THE BOARD OF DIRECTORS AT THE END OF THE FINANCIAL YEAR

Board of Directors													
Position	Members	Year of Birth	Date of first appointment (*)	Serving since	Serving until	Slate (presenters) (**)	Slate (M/m) (***)	Exec.	Non exec.	Indep. Code	Indep. The CLF	No. other offices (****)	Participation (****)
Chair•	Rossi Salvatore	1949	21/10/2019	31/03/2021	31/12/2023	BOD	M	X	=	=	=	1	17/17
Director	Boccardelli Paolo	1971	31/03/2021	31/03/2021	31/12/2023	SHAREHOLDERS	m	=	X	X	X	=	13/13
Director	Bonomo Paola	1969	04/05/2018	31/03/2021	31/12/2023	BOD	M	=	X	X	X	4	17/17
Director	Cadoret Franck	1957	27/06/2019	31/03/2021	31/12/2023	BOD	M	=	X	=	=	2	17/17
Director	Camagni Paola	1970	31/03/2021	31/03/2021	31/12/2023	SHAREHOLDERS	m	=	X	X	X	5	13/13
Director	Carli Maurizio	1958	31/03/2021	31/03/2021	31/12/2023	SHAREHOLDERS	m	=	X	X	X	3	13/13
Director	De Meo Luca	1967	31/03/2021	31/03/2021	31/12/2023	BOD	M	=	X	X	X	4	11/13
Director	Roy de Puyfontaine Arnaud	1964	15/12/2015	31/03/2021	31/12/2023	BOD	M	=	X	=	=	5	17/17
Director	Falcone Cristiana	1973	31/03/2021	31/03/2021	31/12/2023	BOD	M	=	X	X	X	=	13/13
Director	Ferro Luzzi Federico	1968	31/03/2021	31/03/2021	31/12/2023	SHAREHOLDERS	m	=	X	X	X	1	13/13
Director	Gorno Tempini Giovanni	1962	31/03/2021	31/03/2021	31/12/2023	BOD	M	=	X	=	=	5	11/13
Director	Moretti Marella	1965	04/05/2017	31/03/2021	31/12/2023	BOD	M	=	X	X	X	2	13/13
Director	Romagnoli Ilaria	1967	31/03/2021	31/03/2021	31/12/2023	BOD	M	=	X	X	X	=	13/13
Director○	Sapienza Paola	1965	31/03/2021	31/03/2021	31/12/2023	SHAREHOLDERS	m	=	X	X	X	=	13/13
-----DIRECTORS WHO RESIGNED DURING THE FINANCIAL YEAR-----													
CEO Director	Gubitosi Luigi	1961	04/05/2018	31/03/2021	26/11/2021 17/12/2021	BOD	M	X	=	=	=	See 2020 Report	15/15
Director	Altavilla Alfredo	1963	04/05/2018	04/05/2018	31/03/2021	AND	M	=	X	X	X		4/4
Director	Capaldo Giuseppina	1969	04/05/2018	04/05/2018	31/03/2021	VS	m	=	X	X	X		4/4
Director	Cappello Maria Elena	1968	04/05/2018	04/05/2018	31/03/2021	AND	M	=	X	X	X		4/4
Director	Ferrari Massimo	1961	04/05/2018	04/05/2018	22/02/2021	AND	M	=	X	X	X		2/3
Director	Giannotti Paola	1962	04/05/2018	04/05/2018	31/03/2021	AND	M	=	X	X	X		4/4
Director	Morselli Lucia	1956	04/05/2018	04/05/2018	22/02/2021	AND	M	=	X	X	X		2/3
Director	Roscini Dante	1958	04/05/2018	04/05/2018	31/03/2021	AND	M	=	X	X	X		4/4
Director	Sabelli Rocco	1954	04/05/2018	04/05/2018	31/03/2021	AND	M	=	X	X	X		4/4
Director	Valensise Michele	1952	04/05/2018	04/05/2018	31/03/2021	VS	m	=	X	X	X		4/4

Indicate the number of meetings held during the financial year: 17

Specify the quorum required to submit slates by the minorities for the election of one or more members (for the purposes of art. 147-ter of the CLFI): 0.5%

NOTES

The symbols given below must be included in the "Office" column:

- This symbol means the director in charge of the internal control and risk management system.

- This symbol means the Lead Independent Director (LID).

(*) Date of first appointment of each director means the date on which the director was appointed for the first time (overall) to the BoD of the Issuer.

(**) This column indicates whether the slate from which each director was drawn was submitted by shareholders (indicating "Shareholders") or by the Board of Directors (indicating "Board of Directors").

(***) This column indicates whether the slate from which each director has been drawn is "majority" (indicating "M") or "minority" (indicating "m").

(****) This column shows the number of directorships or statutory auditor appointments held by the person concerned in other slates or large companies. The appointments are set out in full in the Corporate Governance Report.

(*****) This column shows the attendance of the directors respectively at the Board of Directors meetings (the number of meetings attended is indicated with respect to the total number of meetings he/she could have attended; such as 6/8; 8/8, etc.).

TABLE 3 - STRUCTURE OF BOARD COMMITTEES AT THE END OF THE FINANCIAL YEAR

B.o.D.		Control and Risk Committee		Nomination and Remuneration Committee		RPT Committee		Sustainability Committee		Extraordinary transactions ad hoc committee	
Office/Qualification	Members	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Executive Chairman of the BoD	Rossi Salvatore							4/4	C	5/5	C
Non-executive director independent as per TUF and Code	Boccardelli Paolo	19/19	M			12/12	C			5/5	M
Non-executive director independent as per TUF and Code	Bonomo Paola	19/19	M	7/7 14/14	M C			4/4	M		
Director Non-executive and non-independent	Cadoret Franck							=	M		
Non-executive director independent as per TUF and Code	Camagni Paola			14/14	M			4/4	M		
Non-executive director independent as per TUF and Code	Carli Maurizio			13/14	M	12/12	M				
Non-executive director independent as per TUF and Code	De Meo Luca			10/14	M						
Non-Executive Non-Independent Director	Roy de Puyfontaine Arnaud							=	M		
Non-executive director independent as per TUF and Code	Falcone Cristiana					11/12	M	4/4	M		
Non-executive director independent as per TUF and Code	Ferro Luzzi Federico	19/19	C					4/4	M		
Non-Executive Non-Independent Director	Gorno Tempini Giovanni										
Non-executive director independent as per TUF and Code	Marella Moretti	19/19	M			13/13	M			5/5	M
Non-executive director independent as per TUF and Code	Romagnoli Ilaria	19/19	M			12/12	M			5/5	M
Non-executive director independent as per TUF and Code	Sapienza Paola			14/14	M			4/4	M	5/5	M
No. of meetings held during the financial year in the period 1/4 - 31/12/2021:		19		14		12		4		5	

B.o.D.		Control and Risk Committee		Nomination and Remuneration Committee		RPT Committee		Strategies and Sustainability Committee	
Office/Qualification	Members	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
DIRECTORS WHO RESIGNED DURING THE YEAR									
Non-independent executive director	Gubitosi Luigi							=	M
Non-executive director independent as per TUF and Code	Altavilla Alfredo			7/7	C				
Non-executive director independent as per TUF and Code	Capaldo Giuseppina			7/7	M	1/1	M		
Non-executive director independent as per TUF and Code	Cappello Maria Elena					1/1	M	=	M
Non-executive director independent as per TUF and Code	Ferrari Massimo	1/3	M					=	M
Non-executive director independent as per TUF and Code	Giannotti Paola	3/3	C						
Non-executive director independent as per TUF and Code	Morselli Lucia	1/3	M			0/1	C		
Non-executive director independent as per TUF and Code	Roscini Dante					1/1	M		
Non-executive director independent as per TUF and Code	Sabelli Rocco			7/7	M			=	M
Non-executive director independent as per TUF and Code	Valensise Michele	3/3	M	7/7	M				
No. of meetings held during the financial year in the period 1/4 - 31/12/2021:		3		7		1		=	

NOTES

(*) This column shows the attendance of the directors at the Committee meetings (the number of meetings attended is indicated with respect to the total number of meetings he/she could have attended; such as 6/8; 8/8, etc.)
(**) This column shows the status of the Director within the Committee: “C”: chairman, “M”: member. “C”: chairman, “M”: member.

The offices held by the Directors are detailed below.

Paola Bonomo	Board Member of Axa Assicurazioni, FAAC S.p.A., Piquadro S.p.A. and Crystal Peak Acquisition
Franck Cadoret	General Manager of Vivendi Group and Chief Executive Officer for France of the Canal+ Group
Paola Camagni	Chairman of the Board of Statutory Auditors of Mozambique Rovuma Venture S.p.A., AGI-Agenzia Giornalistica Italia S.p.A. and Standing Auditor in CNP UniCredit Vita S.p.A., Eni Angola S.p.A. and Eni Rewind S.p.A.
Maurizio Carli	Chairman of the Board of Directors of Board International S.A., Director of Temenos AG and of Blue Prism Group plc
Luca De Meo	Chief Executive Officer of Renault S.A., Chairman of Renault s.a.s., Chief Executive Officer Renault Brand and member of Groupe Renault's Board of Management
Arnaud de Puyfontaine	Chief Executive Officer and Chairman of the Management Board of Vivendi S.A., member of the Supervisory Board of Canal+ Group; Director of Havas; Chairman of the Management Board of Prisma Media and of Editis Holding.
Federico Ferro Luzzi	Independent Director of Garofalo HC S.p.A.
Giovanni Gorno Tempini	Chairman of Cassa Depositi e Prestiti S.p.A., CDP Reti S.p.A., CDP Equity S.p.A. and F.I.L.A. Fabbrica Italiana Lapis e Affini S.p.A.; Director of Avio S.p.A.
Marella Moretti	General Manager delegated, Director of CNH Industrial Financial Services and General Manager, Director of CNH Industrial Finance France
Salvatore Rossi	Chairman of the FIA Investments Committee of Pramerica SGR S.p.A.

TABLE 4 - STRUCTURE OF THE BOARD OF STATUTORY AUDITORS AT THE END OF THE FINANCIAL YEAR

Position	Members	Year of Birth	Date of first appointment *	Serving since	Serving until	Slate **	Independence as per Code	Attendance at Board meetings ***	Number of other offices ****
Chairman	Francesco Fallacara	1964	31/03/2021	31/03/2021	31/12/2023	m	X	38/38	11
Standing Auditor	Angelo Rocco Bonisconi	1959	31/03/2021	31/03/2021	31/12/2023	M	X	35/38	3
Standing Auditor	Francesca di Donato	1973	31/03/2021	31/03/2021	31/12/2023	M	X	38/38	8
Standing Auditor	Anna Doro	1965	24/04/2018	24/04/2018	31/12/2023	m	X	45/46	2
Standing Auditor	Massimo Gambini	1957	31/03/2021	31/03/2021	31/12/2023	M	X	34/38	2
Alternate Auditor	Franco Maurizio Lagro	1958	31/03/2021	31/03/2021	31/12/2023	M	X	=	=
Alternate Auditor	Ilaria Antonella Belluco	1983	31/03/2021	31/03/2021	31/12/2023	M	X	=	=
Alternate Auditor	Paolo Prandi	1961	31/03/2021	31/03/2021	31/12/2023	m	X	=	=
Alternate Auditor	Laura Fiordelisi	1974	24/04/2018	24/04/2018	31/12/2023	m	X	=	=
STATUTORY AUDITORS WHO RESIGNED DURING THE YEAR									
Chairman	Roberto Capone	1955	16/09/2012	20/05/2015	31/12/2020	m	X	8/8	=
Standing auditor	Giulia De Martino	1978	24/04/2018	24/04/2018	31/12/2020	M	X	8/8	=
Standing auditor	Marco Fazzini	1974	24/04/2018	24/04/2018	31/12/2020	M	X	8/8	=
Standing auditor	Francesco Schiavone Panni	1954	24/04/2018	24/04/2018	31/12/2020	M	X	8/8	=
Alternate Auditor	Andrea Balelli	1970	24/04/2018	24/04/2018	31/12/2020	M	X	=	=
Alternate Auditor	Antonia Coppola	1975	24/04/2018	24/04/2018	31/12/2020	M	X	=	=
Alternate Auditor	Franco Della Sega	1960	24/04/2018	24/04/2018	31/12/2020	m	X	=	=

Number of meetings held during FY2021: 46, (7 of which jointly with the Control and Risk Committee)

Specify the quorum required to submit slates by the minorities for the election of one or more members (for the purposes of art. 148-ter of the CLF): 0.5%

NOTES

(*) Date of first appointment of each statutory auditor means the date on which the statutory auditor was appointed for the first time (overall) to the Board of Statutory Auditors of the Issuer.

(**) This column indicates the slate from which each statutory auditor was chosen ("M": majority slate; "m": minority slate).

(***) This column shows the attendance of the auditors at the Board of Statutory Auditors meetings (the number of meetings attended is indicated with respect to the total number of meetings he/she could have attended, such as 6/8; 8/8, etc.).

(****) This column indicates the number of offices as director or statutory auditor held by the person concerned, considered significant pursuant to Article 148 bis of the CLF and the relative implementing provisions contained in the Consob Issuers' Regulation. The complete list of offices held is published by Consob on its website, pursuant to article 144-quinquiesdecies of the Consob Issuer Regulations.