TIM

LA FORZA DELLE CONNESSIONI

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Shareholders' meeting of april 20, 2023

Short term incentive plan (MBO) 2023 information document

TIM S.p.A.
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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

INFORMATION DOCUMENT

In accordance with Art. 84 bis of the Issuers' Regulations adopted by Resolution no. 11971 of 14 May 1999

(The document was approved by the Board of Directors on 15 March 2023 and is available on the Company's website www.gruppotim.it/assemblea)

INTRODUCTION

On 15 March 2023, the Board of Directors of TIM S.p.A. ("TIM", the "Company" or the "Issuer"), based on the investigations made by the Nomination and Remuneration Committee, approved the proposal for the Short-term Incentive Plan (MBO) 2023 (hereinafter the "Plan") to be submitted to the Shareholders' Meeting called for 20 April 2023.

The initiative sets out to introduce, as part of the broader short-term incentive system (MBO) applied to the Chief Executive Officer and management, a partial deferral and co-investment mechanism applicable to a selected portion of management (up to about 50 managers), in line with the recommendations of the Corporate Governance Code and most-advanced practices.

This information document, prepared pursuant to the Issuer Regulation (Consob resolution 11971/1999 and subsequent amendments) to illustrate the terms and conditions of the Plan, is made available to the public at TIM's registered office in Milan, Via G. Negri no. 1, at the centralised storage mechanism for regulated information SDIR-NIS, managed by Computershare S.p.A., at www.1info.it and on the Company's website at www.gruppotim.it/agm.

Information not available at the time the proposal is to be approved by the Shareholders' Meeting will in due course be disseminated in the ways prescribed by the applicable regulations.

DEFINITIONS

- Chief Executive Officer - the Chief Executive Officer and General Manager of TIM: at the date of approval of the Disclosure Document by the Board of Directors, Pietro Labriola.
- Shares – The ordinary shares of the Company, without nominal value, listed on the Euronext Milan market (formerly the Electronic Share Market) organised and managed by Borsa Italiana S.p.A.
- Beneficiaries - the Chief Executive Officer and a select number of Managers (first-line and holders of key positions).
- Bonus Share - the right of the Beneficiaries to receive, following the expiry of the Lock-up period and subject to the achievement of the Performance Condition "Group Equity Free Cash Flow 2023+2024 at Target", one Share for every four Shares received in allocation following the Vesting Date.
- Claw-back - recovery of all or part of the Shares allocated free of charge (minus those sold to meet the tax obligations arising to the Beneficiary from the Plan), or of their Normal Value at the Vesting Date, which can be activated by the Company up to three years after payment in the event that the disbursement has occurred as a result of wilful misconduct or gross negligence, or in the event of an error in the formulation of the figures, resulting in a restatement of the financial statements .
- Performance Conditions - the set of objectives, differentiated according to the position occupied and the scope of activities, described in paragraph 2.2 of this Information Document
- Board of Directors - The pro tempore Board of Directors of the Company, which will make all assessments regarding the Plan, and any appropriate decisions.
- Continuity of the Relationship - the Beneficiary's continued employment with TIM or another Subsidiary.
- Subsidiary Companies - Each of the companies that are at any given time directly or indirectly controlled by TIM, pursuant to Article 2359 of the Italian Civil Code.
- Information Document - this information document, prepared pursuant to and for the purposes of Article *84-bis,* paragraph 1, of the Issuer Regulation.
- Group - TIM and the Subsidiary Companies.
- *Lock-up* - the period of twelve calendar months during which the Shares granted upon Vesting of the Plan remain unavailable, non-transferable and blocked in the securities accounts specifically set up by the Issuer, to which the Shares will be credited. Lock-up will not apply to Shares the sale of which is necessary for the payment of taxes due from the Beneficiary (the so-called "sell to cover").
- Vesting Date - the date the board approves the consolidated financial statements of the TIM Group as at 31 December 2023 (and as at 31 December 2024 for the performance to which the Bonus Shares are related), with the concurrent ascertainment of the degree to which the Performance Conditions have been achieved.
- Plan - the “Short-term Incentive Plan (MBO) 2023' for the Beneficiaries
- Strategic Plan - TIM's Strategic Plan 2023-2025, approved by the Board of Directors on 14 February 2023.
- Bonus - the amount due to each of the Beneficiaries at the Vesting Date following ascertainment of the degree to which the Performance Conditions have been achieved.
- Regulations – any Plan regulations, subject to Board of Directors approval.
- Issuer Regulation – the Regulation on issuers adopted by Consob in Resolution 11971/1999 and subsequent amendments.
- Remuneration Report: The Report on remuneration policy and compensation paid, prepared by the Company in fulfilment of the provisions of art. 123-ter CLF.
- Successor Company: any company that is the beneficiary of a demerger of TIM or the transferee of a business unit

of TIM.

- TIM or the Company or the Issuer – TIM S.p.A., also referred to as Telecom Italia S.p.A..
- CFL – Legislative Decree No. 58 of 24 February 1998 and subsequent amendments.
- Normal Value – the normal value in the case of the allocation of shares of the Listed company, free of charge, is determined based on the arithmetic mean of the prices recorded in the last month (Art. 9, subsection 4, letter a) TUIR (Consolidated Law on Income Tax). The term “last month” is understood as the period between the day of allocation of the shares to the employee (initial day excluded from the calculation) and the same day (inclusive) of the preceding calendar month (Circular No. 30/E cited above).

1. BENEFICIARIES

The Plan is reserved for the Chief Executive Officer and a select portion of Managers (first-line and holders of key positions), as chosen by TIM’s Board of Directors at its discretion (at the proposal of the Chief Executive Officer), from among the managers deemed worthy of incentive and retention based on management considerations related to the implementation of the Strategic Plan following approval of the Plan by the Shareholders’ Meeting.

1.1. Names of the Beneficiaries who are members of the Board of Directors of the Issuer or the Issuer’s controlling companies or the Subsidiary Companies

The Beneficiaries will be identified by the Board of Directors of TIM only after the approval of the Plan by the Shareholders’ Meeting, without prejudice to the inclusion of the CEO (at the date of approval of the Information Document: Pietro Labriola).

1.2. Categories of employees or collaborators of the Issuer or the Issuer’s controlling companies or the Subsidiary Companies

The Beneficiaries will be chosen, in due course, from among the managers with permanent employment contracts with the Company or its Subsidiaries, without prejudice to the inclusion of the Chief Executive Officer (at the date of approval of the Information Document: Pietro Labriola).

1.3. Indication of the names of Beneficiaries in the groups indicated in point 1.3, letters a), b) and c) of Annex 3A, Chart 7, of the Issuers’ Regulations

See the provisions of preceding paragraphs 1.1 and 1.2.

1.4. Description and indication of the number of Beneficiaries, separated into the categories indicated in point 1.4, letters a), b) c) and d) of Annex 3A, Chart 7, of the Issuers’ Regulations

See the provisions of preceding paragraphs 1.1 and 1.2.

2. REASONS FOR THE ADOPTION OF THE PLAN

2.1. Objectives to be achieved by application of the Plan

The objective of the initiative is to promote greater alignment between the interests of management and the goal of creating value for shareholders, through the payment in Shares of part of the bonus due to Beneficiaries within the short-term variable incentive system described in the Remuneration Report, aimed at supporting the achievement of annual company results through challenging and cross-cutting objectives across the entire organisation, ensuring sustainability in the medium to long term.

It should be noted that the 2023 short-term variable incentive system is substantially in line with previous years, with some revisions described below:

- the presence of a "*Gate*" incentive target, consisting of the Group EBITDA indicator, is confirmed for the Chief Executive Officer and first-line managers – to be applied to all targets except those of an ESG nature. For the rest of the incentivised population, the presence of a 'Gate' target of the entire incentive has been eliminated, while maintaining the EBITDA indicator among the company's Performance Conditions;

- the share co-investment mechanism (which is the subject of this Information Document) has been introduced, which provides for the payment of 25% of the MBO bonus to the Beneficiaries in Shares; the Shares thus acquired are subject to a 12-month Lock-up from allocation (except for the right to "sell to cover" for the payment of taxes due). Provisions have also been made for the allocation, free of charge, of one Bonus Share for every four Shares held at the end of the Lock up period, subject to the achievement of specific Performance Conditions.

- the possibility of suspending/cancelling the payment of the MBO bonus in the event of the discovery of significant shortcomings resulting from audits, from the system for internal control over financial reporting pursuant to Law 262/200 or from the organisational and management model pursuant to Legislative Decree 231/2001 has been envisaged.

The main features of the proposed measure are deemed consistent with typical market practices for short-term incentive plans (balance of performance indicators, presence of lock-up and claw-back conditions) as well as with best practice in terms of integrating business sustainability indicators into the company's remuneration policy.

2.2. Key variables, including performance indicators, considered for the purpose of the application of the Plan

The number of Shares allocated to the Beneficiaries at the Vesting Date is directly related to the achievement of the Performance Conditions outlined below.

As in the past, there is a breakdown between business objectives of an economic/financial nature (TIM Group EBITDA, TIM Group Equity Free Cash Flow, TIM Group Net Financial Position, TIM Group Services Revenues and Compliance with the commitments made as part of the National Strategic Pole and the National Recovery and Resilience Plan), Departmental/Company objectives and Environmental, Social & Governance objectives (Customer Satisfaction Index, Young Employee Engagement, % Women in Management).

2.3. Factors involved in determining the amount of remuneration based on financial instruments, or criteria for its determination

The Beneficiaries of the Plan will be paid in Shares 25% of the Bonus recognised for achieving the Performance Conditions assigned, and, at the end of the Lock-up period, one Bonus Share for every four Shares allocated will be assigned depending on the achievement of the Group's 2023+2024 Equity Free Cash Flow objective at target.

The Beneficiaries' pay opportunity will correspond, at target value:

I for the Chief Executive Officer, to 100% of Fixed Remuneration

II for first-line managers to 50% of Fixed Remuneration

III for holders of key positions, to a different percentage based on the individual position.

The number of Shares to be allocated to the Beneficiaries will correspond to the quotient between 25 % of the Bonus and the Normal Value of the Shares.

At the end of the Lock-up period, each Beneficiary will be allocated one Bonus Share for every four Shares assigned, depending on the achievement of the Group's 2023+2024 Equity Free Cash Flow objective at *Target*.

As specified further below, the payout at the Vesting Date will vary as set forth in paragraph 4.5 below, without prejudice to the overall share basket available for the entire Plan, at most in the amount of 15,000,000 Shares.

2.4. Reasons for adopting remuneration plans based on financial instruments not issued by the Issuer

Not applicable.

2.5. Evaluation of significant tax and accounting implications that have influenced the design of the Plan

There have been no significant tax and accounting implications that have influenced the design of the Plan.

2.6. Any support for the Plan from the special Fund for encouraging employee ownership of firms, pursuant to Article 4, subsection 112 of Law no. 350 of 24 December 2003

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

3. APPROVAL PROCESS AND TIMETABLE FOR ALLOCATION OF THE INSTRUMENTS

3.1. Scope of the powers and functions delegated by the Shareholders' Meeting to the Board of Directors for the implementation of the Plan

The Plan, for which approval by the Shareholders' Meeting is requested, envisages the allocation of Shares to the Beneficiaries, free of charge.

The maximum number of Shares that may allocated within the scope of the Plan is 15,000,000.

The powers delegated to the Board of Directors, with the power to sub-delegate, include:

- powers to approve (and update) any Plan regulations;
- discretionary powers to choose the Beneficiaries and determine the bracket they belong to.

3.2. Persons charged with administering the Plan and their functions and duties

The administration of the Plan is the responsibility of the Board of Directors, which shall avail itself of the corporate departments for those aspects within their competence, and may also delegate to the Chief Executive Officer all or some of its powers with regard to Beneficiaries other than the Chief Executive Officer himself.

3.3. Procedures for revising the Plan, including with regard to any changes in the underlying objectives

In the event of extraordinary transactions involving the Company, situations not envisaged in the Plan Regulations, or changes in the regulatory framework affecting the Plan, the Board of Directors shall have the power to make any amendments and additions to the Plan deemed necessary and/or appropriate to keep the essential contents of the Plan (in material and economic terms) as unchanged as possible, without further involvement of the Shareholders' Meeting, within the limits allowed by the resolutions passed by the Shareholders' Meeting of 20 April 2023 (including the maximum number of Shares to be allocated to the Plan) and by the laws and regulations applicable at the time, acting – if necessary, and to the extent to which available – on the constituent documents of the Successor Companies.

3.4. Description of how the availability and allocation of the Shares on which the Plan is based will be determined

The Shares servicing the Plan will revert from ordinary treasury shares already held by the Company or acquired in execution of authorisations of the Shareholders' Meetings.

To this end, a proposal to authorise the purchase and disposal of treasury shares, pursuant to Articles 2357 and 2357-ter of the Italian Civil Code and 132 of the CLF will be submitted for approval to the Shareholders' Meeting called to approve the Plan.

It is also proposed that the Board of Directors be given the power, where deemed necessary or appropriate, to fund the Plan, entirely or in part, by the use of the treasury shares in the Company's portfolio at the time. The Board of Directors therefore also asks the Shareholders' Meeting of the 20 April 2023 for authorisation to dispose of the aforementioned treasury shares.

3.5. Role played by each director in determining the characteristics of the Plan; any conflict of interest involving the directors concerned

The investigation into the architecture of the Plan was undertaken by the Nomination and Remuneration Committee (composed of the Directors: Bonomo – Chairman, Camagni, Carli and Sapienza), with the support of company management and the consultant Mercer Italia.

The Board of Directors took the relevant decisions in view of the Shareholders' Meeting (with the abstention of the Chief Executive Officer, since included among the Beneficiaries), at the unanimous proposal of the Nomination and

Remuneration Committee.

The subsequent board resolutions approving the Plan regulations and the allocation and launch of the Incentive and all determinations connected with the administration of the Plan, will be adopted in accordance with the regulations concerning Directors' interests, related party transactions and the remuneration of managers holding particular offices, insofar as applicable.

3.6. Date of the decision taken by the competent body to submit approval of the Plan to the Shareholders' Meeting and of the proposal of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee defined the proposed architecture of the Plan and the indicators to be adopted as Performance Conditions after a preliminary inquiry aimed at assessing the need to revise the company's remuneration policy (also in the light of feedback received from analysts and investors at the Shareholders' Meeting on 7 April 2022) and the various possible solutions, at the meetings held on 17 January, 13 February, 6 and 14 March 2023.

The Board of Directors was informed on the progress of the preliminary investigation on the Plan at the meetings held on 9 November and 15 December 2022, and 18 January and 14 February 2023; on 15 March 2023, the Board of Directors proceeded with final approval of the proposal to be submitted to the Shareholders' Meeting (with a unanimous vote, except for the abstention of the Chief Executive Officer) during the meeting after approval of the draft financial statements for the financial year 2022 and in the context of the remuneration policy 2023.

3.7. Date of the decision taken by the competent body concerning the award of the financial instruments and any proposal made to such body by the Nomination and Remuneration committee, if any

The Plan is subject to the approval of the Shareholders' Meeting called for 20 April 2023. Subsequently, if the Plan should be approved, the Board of Directors will meet to make the relevant decisions for implementing the Plan itself, after examination by the Nomination and Remuneration Committee of the relative regulations and at the proposal of the Chief Executive Officer regarding the choice of the Beneficiaries.

3.8. Market price of the Shares recorded on the aforementioned dates

The official price of the Shares on the Euronext Milan market (formerly Electronic Share Market) organised and managed by Borsa Italiana S.p.A. has been recorded as follows:

- 9 November 2022 – 0.233 euros
- 15 December 2022 – 0.205 euros
- 17 January 2023 – 0.260 euros
- 18 January 2023 – 0.256 euros
- 13 February 2023 – 0.295 euros
- 14 February 2023 – 0.296 euros
- 6 March 2023 – 0.318 euros
- 14 March 2023 – 0.308 euros
- 15 March 2023 – 0,298 euros

3.9. Time limits and procedures by which the Issuer, in identifying the calendar for the allocation of the instruments to implement the Plan, takes into account the possible timing coincidence of: (i) such award or any decisions taken in this regard by the Nomination and Remuneration Committee and (ii) the dissemination of any relevant information pursuant to article 114, subsection 1 of the CLF

The effective transfer of the Shares to the Beneficiaries under the Plan, will take place at the Vesting Date, subject to assessment of the degree to which the Performance Conditions have been achieved, and without prejudice to their subsequent Lock-up, as well as claw-back. In light of the above, the Company does not envisage preparing any particular safeguard in relation to the situations referred to above, while respecting the applicable regulations.

4. CHARACTERISTICS OF THE FINANCIAL INSTRUMENTS ALLOCATED

4.1. Description of how the Plan is structured

The Plan envisages the allocation of Shares to the Beneficiaries, free of charge, the effective transfer of which will take place at the Vesting Date, based on the Performance Conditions (and in accordance with the early termination provisions set out in point 4.8).

4.2. Indication of the period of actual implementation of the Plan, with reference also to any different cycles envisaged

The Plan provides for a single incentive cycle.

The allocation of the Shares under the Plan to the Beneficiaries, free of charge, with the consequent crediting to the individual share accounts held in their names and set up for such purpose by the Issuer, will take place following the Vesting Date.

4.3. Expiration of the Plan

The Plan will terminate at the Vesting Date, with possible ensuing crediting of the Shares to the Beneficiaries' share accounts, subject to subsequent Lock-up and Claw-back.

4.4. Maximum number of financial instruments allocated in each fiscal year in relation to the persons individually identified or to the categories specified

Vesting will take place in the year 2024, with the simultaneous allocation of the Shares, after the Beneficiaries' right to allocation has been ascertained by the Board of Directors.

4.5. Plan implementing procedures and clauses, specifying if the actual allocation of the financial instruments is dependent on conditions being met, or on the achievement of specific results, including performance results

The Shares allocated will accrue in a variable number, depending on the degree of achievement of the Performance Conditions as ascertained after the approval of the Group's consolidated financial statements as at 31 December 2023, with the exception of the Shares resulting from the Bonus Share allocation which vest upon approval by the Board of TIM Group's consolidated financial statements as at 31 December 2024.

As far as the Chief Executive Officer and all the beneficiaries are concerned, the allocation of shares is conditional to the achievement of the Performance Conditions with objectives broken down into business/financial, Departmental/Company and Environmental, Social & Governance. Specifically, for the Chief Executive Officer and the first-line managers the Group EBITDA target is the Gate objective for the disbursement of any bonus accrued in relation to the economic-financial targets; it does not affect the disbursement of any bonus accrued through the achievement of the ESG target.

As for the Bonus Share, allocation is dependent on the achievement of the Group's 2023+2024 Equity Free Cash Flow objective at target. Once the condition for the accrual of Bonus Shares has been verified, following the approval of the 2024 Financial Statements, one Share will be allocated for every four of the shares assigned in 2023.

4.6. Indication of any availability constraints on the financial instruments that are the object of the Plan

After the Vesting Date, the Shares will be allocated to the Beneficiaries in their personal capacity, and may not be transferred, subjected to liens or acts of disposal before the expiry of the Lock up period, except for those Shares the sale of which is necessary to pay the taxes due from the Beneficiary (the so-called *sell to cover*).

The application of *claw-back* remains unaffected.

4.7. Description of any resolutory conditions which apply in relation to the allocation under the Plan in the event that the Beneficiaries engage in hedging transactions to neutralise any prohibitions on the sale of the Shares deriving from the maturity of the Performance Shares.

Not provided for.

4.8. Description of the effects produced by the termination of employment

Termination of service during the incentive period (1 January 2023 – 31 December 2023) will result in the application of the *pro rata temporis* criterion, net of management evaluations.

The right to receive Bonus Shares will lapse without any compensation upon termination of the Beneficiary's employment with TIM, its Subsidiaries and/or Successor Companies during the Lock-up period.

Except in the case of premature death of the Beneficiary (with assignment of the right to receive Bonus Shares to the heirs) or termination of the relationship due to (i) retirement; (ii) total and permanent disability; (iii) placement outside the Group, for any reason whatsoever, of the company with which the Beneficiary has an employment/collaboration relationship; (iv) consensual termination (excluding voluntary resignation). In such cases, Bonus Shares will be eligible for allocation, in a number reduced in proportion to the elapsed lock-up period.

It is understood that, in any other case of termination of the Beneficiary's employment relationship with TIM, its Subsidiaries or Successor Companies, the right to receive Bonus Shares shall be forfeited. If a notification of disciplinary proceedings is sent, the right to obtain the allocation of the Bonus Shares will be suspended until receipt of the communication announcing the sanction to be applied (with possible application of the Claw Back) or that no sanction will be applied.

4.9. Indication of any other grounds for cancelling the Plan

The Board of Directors shall be attributed all the powers required to implement the Plan, making all amendments/supplements to it as are necessary to pursue the objectives the Plan is intended to achieve, including when the applicable regulations change or extraordinary situations not envisaged in the Regulations arise.

In order to strengthen management's culture and sensitivity to the Company's internal control and risk management issues, a procedure for assessing significant shortcomings resulting from audits, from the internal control system over financial reporting pursuant to Law 262/2005 and from the organisational and management model pursuant to Legislative Decree 231/2001 is applied to the Plan. This procedure – which does not apply to the Chief Executive Officer - envisages, upon the occurrence of significant shortcomings, the partial or total suspension of the Bonus for the persons concerned, assessment of the implementation of remedial actions within the deadlines indicated by the control Departments, and the subsequent disbursement or definitive cancellation of the amount previously suspended.

4.10. Reasons for an option for the company to "buy back" the financial instruments underlying the plan, introduced pursuant to article 2357 et seq. of the Italian Civil Code

The plan does not envisage buy-back by the Company.

4.11. Any loans or other credit facilities that are to be granted for the purchase of the Shares pursuant to Article 2358, subsection 3 of the Italian Civil Code

Not applicable.

4.12. Indication of the cost the Company is expected to incur at the time of the allocation, as may be determined on the basis of the already defined terms and conditions, in total and for each financial instrument

At the date of this document, it is impossible to indicate the exact amount of the expected cost of the Plan for the Issuer since it depends on the number of Shares actually allocated, determined as described above.

Pursuant to IFRS 2 (Share-based payment), the Company and, where applicable, each Subsidiary, for the part pertaining to them, will measure the fair value of the allocated rights throughout the vesting period. This amount will be recognised *pro rata temporis* in the separate profit and loss account throughout the vesting period with an item in employee benefits expenses as a counter-entry to a net equity reserve. The costs recognised among the employee benefits expenses may be deducted for IRES (corporation tax) and IRAP (regional business tax) purposes by the Company and by each Subsidiary with registered offices in Italy, where the IFRS 2 standard can be applied, for the portion pertaining to it.

4.13. Indication of any capital dilution effects caused by the Plan

Not applicable. The provision of shares for the Plan will not be created through capital increase.

4.14. Any restrictions on the exercise of voting right or the attribution of property rights

Without prejudice to the two year Lock-up period, no restrictions are placed on the exercise of voting rights or on the enjoyment of privileged dividend rights inherent to the Shares, freely allocated at the Vesting Date.

4.15. If the shares are not traded on regulated markets, all the information needed to properly assess the value attributed to them

Not applicable.