



LA FORZA DELLE CONNESSIONI

**TIM S.p.A.**

Report on corporate  
governance and share  
ownership

**2022**

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

Approved by the Board of Directors on 15 March 2023 and available on the  
Company's website [gruppotim.it](http://gruppotim.it)

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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

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# 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/Corporate Governance 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/Board of Directors:** the Board of Directors of the Issuer.

**Financial year:** the financial year ending 31 December 2022.

**FiberCop:** the subsidiary company FiberCop S.p.A..

**Noovle:** the subsidiary company Noovle S.p.A..

**Olivetti:** the subsidiary company Olivetti S.p.A..

**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 Corporate Governance Code to which the Company adheres (available at <https://www.gruppotim.it/it/gruppo/governance/strumenti-governance/codici-politiche.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.

**Sparkle:** the subsidiary company Telecom Italia Sparkle S.p.A..

**Bylaws:** the Issuer's Bylaws.

**Telsy:** the subsidiary company Telsy S.p.A..

**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 known as TIM S.p.A., a joint-stock company under Italian law, with registered office in Milan, Via Gaetano Negri no. 1, and general management and secondary office in Rome, Corso d'Italia no. 41 - Corporate website [www.gruppotim.it](http://www.gruppotim.it) - Commercial website [www.tim.it](http://www.tim.it)

**TIM Brasil:** the Brazilian subsidiary company TIM S.A..

## 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 2022 or, where indicated, to the date of the meeting of the Board of Directors which approved it, i.e. to 15 March 2023.

For details on compensation, please refer to the Remuneration Report; regarding 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, which is at the forefront of digital technologies.

In particular, TIM develops fixed fibre network infrastructures that it makes available to the entire market, both through a capillary presence throughout the country and, through Sparkle, internationally.

TIM offers individuals and households fixed and mobile telephony services and products for communication and entertainment and assists small and medium-sized enterprises towards digitalisation with a portfolio tailored to their needs.

Cloud, IoT and cybersecurity are at the heart of TIM Enterprise's end-to-end solutions for businesses and Public Administration, which implement the country's digital transformation by taking advantage of the largest data centre network in Italy, of the expertise of Group companies such as Noovle, Olivetti (both Benefit Companies) and Telsy, and of partnerships with leading groups.

In Brazil, TIM Brasil is one of the main players in the South American communications market and a leader in 4G coverage.

In developing its business, the Group has adopted a sustainability strategy based on climate strategy, circular economy, digital growth and gender equality objectives, and aims to become carbon neutral in 2030 and achieve zero net emissions by 2040.

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.

At governance level of the corporate ESG commitment, there is a Committee (other than those required by law or recommended by the Code), chaired by the Chairman of the Board of Directors, with investigative and advisory functions.

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 financial year 2022 is available at <https://www.gruppotim.it/it/sostenibilita.html>.

TIM falls within the Corporate Governance Code's definition of a "large company" because its capitalisation was greater than 1 billion euros on the last trading day of each of the three calendar years 2020-2022.

TIM, on the other hand, 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 2022

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

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The structure of the subscribed and paid-up share capital, amounting to 11,677,002,855.10 euros at 31 December 2022, is set out in Table 1 – Information on share ownership.

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 2022 and to the specific information document available at

[https://www.gruppotim.it/content/dam/telecomitalia/it/archivio/documenti/Investitori/AGM\\_e\\_assemblee/2020/Documento%20Informativo%20LTI%202020\\_2022.pdf](https://www.gruppotim.it/content/dam/telecomitalia/it/archivio/documenti/Investitori/AGM_e_assemblee/2020/Documento%20Informativo%20LTI%202020_2022.pdf).

For information on the 2022-2024 Stock Option Plan, please refer to the note “Share-based compensation plans” in the Company’s separate financial statements as of 31 December 2022 and to the specific information document available at <https://www.gruppotim.it/content/dam/gt/investitori/doc-avvisi/anno-2022/ita/Doc-informativo-Piano-stock-option-22-24.pdf>.

Up to and including 26 March 2022, the deadline for the possible conversion of the bonds belonging to the “€2,000,000,000 1.125 per cent equity-linked bonds due 2022”, no requests for conversion were recorded; therefore, no issue of TIM ordinary shares planned to service the conversion was carried out. The issue documentation of the aforementioned convertible bond can be found at [https://www.gruppotim.it/it/investitori/debito-rating/profilo-finanziario/telecom\\_italia/XS1209185161.html](https://www.gruppotim.it/it/investitori/debito-rating/profilo-finanziario/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)

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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)

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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)

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The Bylaws 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)

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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)

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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)

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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 of the CLF)

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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* 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 25 March 2021, for 500 million euros expiring on 25 March 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;
- *Facility Agreement* finalised with Industrial and Commercial Bank of China on 22 April 2022, in the amount of 100 million euros maturing on 24 May 2023;
- *Facility Agreement* entered into with a syndicate of banks and guaranteed by SACE on 6 July 2022, in the amount of 2 billion euros maturing on 30 June 2028;
- *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 15 November 2033 and a total notional amount of 179 million euros,
  - SMBC (Sumitomo Mitsui Banking Corporation) whose underlying contracts expire on 30 September 2034 and a total notional amount of 181 million euros,
  - Natixis, whose underlying contracts expire finally on 18 July 2036 and a total notional amount of 384 million euros,
  - UniCredit, whose underlying contracts expire on 18 July 2036 and a total notional amount of 1.85 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.

As regards relations with the European Investment Bank (EIB), in contracts entered into in 2019 and 2021, for a total amount of 700 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.

With respect to the last stand-alone bond issue, issued on the Luxembourg MTF on 27 January 2023, worth 850 million euros, maturing on 15 February 2028, the Information Memorandum regulates the 'Put Event', which provides, inter alia, that in the event of control of the Issuer being acquired, the Issuer will notify the bondholders accordingly. In such case, each bondholder shall have the option to require the Issuer to redeem (or, at the Issuer's option, to purchase) the bonds they hold (in whole but not in part) on the date seven days after the expiration of the put period, at 101% of their principal amount together with interest accrued up to (but excluding) the redemption date.

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 Bylaws 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 “Golden Power” Decrees (with reference primarily to Law Decree no. 21/2012, converted with amendments by Law no. 56/2012), aimed at granting the State special powers on corporate structures in the defence and national security sectors, as well as on activities of strategic importance in the telecommunications sector, affects public-private relations, enhancing the technological assets and services included in the Golden Power perimeter for the purposes of the pursued institutional purpose.

The Presidency of the Council of Ministers, on 28 September 2017, established that TIM is subject to the obligations set forth in the aforementioned Decree-Law No. 21/2012 as a company that:

- performs “activities of strategic importance for the national security and defence system” (as per article 1 of the Decree-Law);
- 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 Decree-Law).

Prime Ministerial Decrees regarding TIM were issued on 16 October 2017 and 2 November 2017.

With the first provision, the Presidency of the Council of Ministers exercised the special powers prescribed in article 1 of Law Decree no. 21/2012 through the imposition of specific prescriptions and conditions applicable to TIM and its subsidiaries Sparkle and Telsy. These measures concern, inter alia, corporate governance and organisation; in particular, they require the presence, in the Boards of Directors of these companies, of a Security Director - a figure currently coinciding with that of the Chief Executive Officer - (having Italian citizenship and security clearance) 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 with regard to:

- every decision that might, inter alia, reduce or transfer technological, operational or industrial capacity in strategic activities;
- corporate decisions (such as appointments and disposals);
- development, investment and maintenance plans on networks and equipment, 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 on TIM, in order to ensure the continuity of the universal service, exercising the special powers provided for in Article 2 of Law Decree no. 21/2012. Furthermore, with the Prime Ministerial Decrees of 16 November 2020, following the notification submitted by TIM regarding the corporate transaction involving FiberCop S.p.A. (“FiberCop”), the Presidency of the Council of Ministers exercised its special powers by imposing specific prescriptions making reference to the networks and equipment included in the business unit transferred to FiberCop. With these requirements, the government demanded the adoption of appropriate development, investment and maintenance plans necessary to guarantee the continuity of the universal service.

On the subject of Golden Power and of a general nature, as a constraint for all operators, the government's dictate was subsequently supplemented by Law Decree no. 21/2022 (Urgent measures to counter the economic and humanitarian effects of the Ukrainian crisis), converted with amendments by Law no. 51/2022, which introduced new provisions both on the subject of corporate management and on communication services based on 5G technology.

With this latest decree, the legislator reaffirmed the strong focus on 5G as an activity of strategic importance for the national defence and security system, extending the scope to all 5G-related supplies without reference to the nationality of the supplier. Of particular relevance is the introduction in the same Decree of the obligation for companies to notify the Presidency of the Council of Ministers in advance of an annual plan for the procurement of 5G goods and services, with the possibility of updates every four months.

The Plan is subject to approval by the Government, possibly with the imposition of prescriptions or conditions; failure to comply results in a penalty of up to 3% of the company's turnover.

In connection with this, TIM submitted its Annual Plan in July 2022, and as a result prescriptions were issued, including one requiring it to report to the Presidency of the Council of Ministers every six months on compliance with these prescriptions.

The regulatory framework on National Security was supplemented by Law No. 133/2019 converting Law Decree No. 105/2019, which established the National Cyber Security Perimeter (“Perimeter”).

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”*.

In implementation of this legislation, Prime Ministerial Decree No. 131 of 30 July 2020 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.

In order to implement these measures, further decrees containing provisions on the National Cyber Security Perimeter were issued, including Prime Ministerial Decree No. 81/2021, which defined the procedures for notifying incidents impacting on essential services and the related security measures, and Presidential Decree No. 54/2021, which requires entities included in the Perimeter to notify the National Assessment and Certification Centre of the award of ICT goods, systems and services before entering into a contract.

In addition to the obligations laid down in the aforementioned legislation, following the enactment of Law Decree No. 115/2022 (Aid Decree bis), converted by Law No. 142/2022, the obligation to report to the National Cybersecurity Agency also applies to incidents on networks, information systems and information services other than ICT assets included in the Perimeter's essential services.

### 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 Union regulations. 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 the Corporate Governance Code accessible to the public on the website of the Corporate Governance Committee, established at Borsa Italiana, at <https://www.borsaitaliana.it/comitato-corporate-governance/codice/2020.pdf>.

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

TIM's subsidiaries at 31 December 2022 include the companies of the TIM Brasil Group, including TIM S.A., a company incorporated under Brazilian law, listed locally, 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

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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, as per the Group Regulations, last updated on 9 November 2022 is available at <https://www.gruppotim.it/it/gruppo/governance/strumenti-governance/regolamenti.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/it/gruppo/governance/strumenti-governance/altri-codici-procedure.html>); further information on general relations with shareholders is provided in paragraph 12 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, as per the resolution of the Board of Directors on 23 June 2022:

- a) partnerships, joint ventures, shareholders' agreements with respect to partially owned companies which, by virtue of their purpose, commitments, conditions, or limits that may result therefrom, have a lasting impact on the freedom of TIM's strategic business choices, unless they relate to 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 at the time, or for amounts other than those provided for therein;
- b) 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 (or 250 million euros in case of investment connected to the participation to public and private tenders), 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;
- c) taking out of loans, considered individually, for amounts exceeding 350 million euros (or 500 million euros in case of subsidised loans and/or loans subject to incentives at national and European level); disbursement of loans and issuance of guarantees in favour of companies and/or non-controlled entities, in both cases, considered individually, for amounts exceeding 100 million euros (or 250 million euros in case of issue of guarantees in favour of companies or other controlled entities); as well as transactions which, in their execution or upon their completion, may involve undertakings and/or deeds of this nature and extent;
- d) 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;
- e) 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, Noovle, FiberCop, Sparkle.

During the 2022 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-assessment, remuneration policy, internal control and risk management system are provided in the following sections of this Report. The Shareholders' Meeting of 7 April 2022 confirmed Pietro Labriola as Director (co-opted on 21 January 2022 to replace Luigi Gubitosi, who had resigned), and the Board of Directors, held on the same date, confirmed him as Chief Executive Officer and General Manager of the Company.

During the year, the Board of Directors was engaged - in addition to monitoring and steering the business - in business planning activities (2022-2024 cycle), in the implementation of the remuneration policy for the year 2022, as well as the preparation of the financial and non-financial reports for the year 2022.

The Board of Directors also continued discussions with Kohlberg Kravis Roberts & Co. L.P. ('KKR') in order to acquire the necessary indications to judge the concreteness, relevance and attractiveness of the non-binding and indicative expression of interest sent on 17 November 2021. In a press release dated 7 April 2022, the Board of Directors, in light of the circumstance that KKR had decided not to confirm the previous expression of interest and the price indicated therein, unanimously resolved not to pursue the due diligence request.

On 6 July 2022, the Board of Directors granted the CEO a mandate to carry out all useful activities to achieve the strategic objective of overcoming vertical integration and reducing the Company's indebtedness, through the transfer and sale of certain Group assets. In particular, the plan drawn up for this purpose, and presented at the Capital Market Day of 7 July 2022, envisages the possibility of separating fixed network infrastructure assets (NetCo) from services (ServiceCo with TIM Consumer, TIM Enterprise and TIM Brasil) and illustrates for each entity the market context, the perimeters of activities and strategic assets, as well as the manner in which they will be able to compete in their respective markets in order to generate more value. The transformation process, started in 2022, continued in 2023 and culminated in the approval of the 2023-2025 Business Plan by the Board of Directors on 14 February 2023.

On 9 November 2022, the Company's Board of Directors approved the start of the spin-off process of TIM Enterprise, in line with what was announced at the Capital Market Day on 7 July 2022.

With regard to the Memorandum of Understanding signed on 29 May 2022 by CDP Equity, Macquarie Asset Management and Open Fiber concerning the integration project between the latter company's networks and those of TIM, the Board of Directors' meeting of 30 November 2022 took note of the joint statement issued by the signatories the Memorandum, which was therefore considered lapsed and of no effect.

On 1 February 2023 KKR sent a new non-binding offer for the purchase of an equity investment in a company to be established, coinciding with the management and infrastructure perimeter of the fixed network, including the assets and activities of FiberCop, as well as the equity investment in Sparkle. The non-binding offer refers to an equity investment to be defined, on the understanding that the purchase would result in the loss of vertical integration with TIM.

On 5 March 2023, TIM received a second non-binding offer, submitted by the consortium made up of CDP Equity S.p.A. and Macquarie Infrastructure and Real Assets (Europe) Limited, for the purchase of a company to be incorporated, which would essentially be responsible for the management and infrastructure perimeter of the fixed network, including FiberCop's assets and activities, as well as the equity investment in Sparkle.

In the light of the information provided, the Company's Board of Directors, which met on 15 March 2023, greatly appreciated the interest expressed in the non-binding offer formulated by the consortium, despite considering that - in the same way as KKR's non-binding offer - it did not reflect the value of the asset and TIM's expectations. A regulated competitive procedure was therefore launched to allow both bidders to submit their improved offers.

At the date of this Report, this procedure is still ongoing. The Board also resolved to entrust the Related Parties Committee with the task of performing its investigative functions with regard to both offers.

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

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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.

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 of Directors (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 7.1.

For a description of the special powers of the State, relevant for the composition of the Board of Directors, please refer to paragraph 2, (k) ("Special powers of the State").

### *Succession Plans*

The Board of Directors has adopted a succession planning procedure for top management (Chairman and Chief Executive Officer), entrusting the setting up, updating and monitoring of the succession plan to the Nomination and Remuneration Committee, which is supported by the corporate structure in charge of human resources management, without prejudice to the possibility of resorting to external consultancy. This is a cyclical activity, with no predefined frequency, on which the Committee reports to the full Board. During 2022, the Nomination and Remuneration Committee carried out a preliminary investigation to update the succession process for top management, as a result of which it formulated a proposed succession procedure, which was approved by the Board of Directors on 18 January 2023.

In particular, this procedure regulates the cases of temporary and permanent unavailability of the Chairman and of the Chief Executive Officer, including the cases of revocation of the office, also regulating the procedures for managing the transitional period. The Nomination and Remuneration Committee is given a central role in the activation of the succession plan.

Pursuant to the Bylaws, in the event of absence or impediment of the Chairman, the Deputy Chairman, if appointed, or - in the absence of the Deputy Chairman - the most senior Director in terms of age, replaces them.

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

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Table 2 provides information on the Directors in office during 2022.

The Board of Directors was appointed 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 31 December 2023).

For the appointment 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). On the same date, Salvatore Rossi and Luigi Gubitosi were appointed Chairman and Chief Executive Officer respectively.

On 17 December 2021, Luigi Gubitosi (who had previously resigned as Chief Executive Officer) resigned; following the specific succession process, on 21 January 2022 the Board of Directors co-opted Pietro Labriola, appointing him as Chief Executive Officer of the Company.

Pietro Labriola was confirmed as Director by the Shareholders' Meeting of 7 April 2022; the Board of Directors, held on the same date, confirmed him in the position of Chief Executive Officer of the Company.

On 29 September 2022, Luca De Meo (who had already resigned as a member of the Nomination and Remuneration Committee, on 23 March 2022) resigned from office. Franck Cadoret resigned on 16 November 2022. On 30 November 2022 and 15 December 2022 respectively, Giulio Gallazzi (Independent Director) and Massimo Sarmi were co-opted as their replacement.

On 16 January 2023, Arnaud Roy de Puyfontaine resigned as Director of the Company. On 14 February 2023, the Board of Directors resolved not to co-opt a Director to replace him, in view of the approaching Shareholders' Meeting called to decide on the appointment. The Board, at its subsequent meeting on 15 March 2023, also resolved not to submit a nomination for the relevant replacement to the Shareholders' Meeting, inviting shareholders to submit proposals within fifteen days before the Shareholders' Meeting.

The Board currently consists of 14 Directors, 10 of whom are independent and one executive (the Chief Executive Officer, who also holds the office of General Manager).

The Directors have professionalism and skills commensurate with the tasks entrusted to them; the number and skills of the non-executive Directors 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](http://www.gruppotim.it)), in the About Us section/Governance channel/Board of Directors/Members.

### *Diversity criteria and policies in Board composition and corporate organisation*

Article 9.1 of the Company Bylaws, which requires the presence on the Board 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 eight male representatives on the Board) was applied in the appointment of Directors on 31 March 2021. 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](http://www.gruppotim.it)), 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 of Directors, 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'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.

TIM's Diversity & Inclusion Plan is divided into 5 strands: cultural awareness, gender gap, generations, disability, LGBT+. 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 the 5 Diversity & Inclusion topics; in addition, training courses on inclusive language and gender bias were launched for the entire company population, and targeted content relating both to TIM's Diversity & Inclusion plan and food for thought on inclusion is offered on a fortnightly basis. Diversity & Inclusion and gender equality are also monitored through the internal monitoring plan (surveys and focus groups) and through models for verifying the impact of Diversity & Inclusion actions on the corporate population carried out with leading Italian universities.

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.

Over the years, TIM has become an international benchmark, featuring among the virtuous companies on many indices measuring Diversity & Inclusion performance, including: Refinitiv D&I Index, GEI Bloomberg, PARKS Index, Diversity Brand Index.

TIM's outward commitment to raise awareness of the values of inclusion and appreciation of diversity is also very relevant. Since 2020, TIM has been the promoter of "4 Weeks 4 Inclusion", a marathon of events dedicated to inclusion, spread over a four-week calendar. The 2022 edition saw the participation of over 300 partner companies and over 3 million views.

TIM is a partner of Valore D, and thanks to this initiative many 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” and “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 role modelling meetings in collaboration with Valore D; the partnership with the Young Women Network, the non-profit networking association for young women with which all under-35 women of the TIM Group have been associated; coaching and mentorship programmes aimed at a pool of talented women. Of particular relevance is TIM's commitment against gender and sexual harassment and bullying, which revolves around a policy for the management and prevention of harassment incidents, including specific tools to provide legal and psychological support to victims.

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.

With the ESG 2022-2024 targets, TIM has further strengthened its commitment to reducing the gender gap by broadening the target base to include all women in executive and middle management positions.

The 2023-2025 Plan confirms this target, with the aim of reaching/exceeding, at Group level, 29% of women in positions of responsibility by 2025.

#### *Maximum accumulation of offices held in other companies*

According to the Corporate Governance Principles, serving as a director or member of a control body of more than five companies other than those subject to the direction and coordination of TIM, that is, its subsidiary or affiliate companies, when the companies involved are (i) listed companies included in the FTSE/MIB index, or (ii) companies operating principally in the financial sector dealing with the public or (iii) companies that perform banking or insurance activities is not considered to be compatible with serving as a Director of TIM; nor is serving in more than three executive capacities in companies of the types indicated in (i), (ii) or (iii) above considered compatible for a Director of the Company.

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.

The Board has ascertained that the Directors in office for the financial years 2022 and 2023 have complied with these limits.

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

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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, where necessary, depending on the needs and/or suggestions or requests made by the Directors and Statutory 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 functioning, the Board has adopted regulations (available at [www.gruppotim.it](http://www.gruppotim.it) About Us section - Governance channel/Governance Tools/Regulations) which defines the procedures for convening, organising, holding 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. The Regulations of the Board of Directors were last amended by resolution dated 9 November 2022, in order to regulate in greater detail how to manage cases in which directors have interests outside of the company and additional cases of potential conflict of interest. The Board Regulations expressly provide for the possibility of Group managers attending Board meetings. During the financial year 2022, the latter ensured continuous participation in the meetings of the Board and of the board's internal committees.

Internal regulations similar to the Regulations of the Board of Directors, for its composition and operation, have been adopted by the individual Board's internal 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 practicably possible.

The pre-meeting information was conveyed with the support of a special IT platform and made available, as a rule, in advance as provided for in the Regulations, except in limited cases, for which, in any case, the information distributed was thoroughly illustrated in the board meeting. In relation to pre-meeting disclosures, there are no general exemptions to the timeliness of information for reasons of confidentiality. With respect to the strategic planning process, a special induction process was planned.

In accepting the office, Directors make themselves available to ensure their professional contribution during full board/internal Committee meetings, with adequate prior preparation and active participation in the work.

During 2022, 22 Board of Directors' meetings were held with an average duration of approx. four hours and thirty minutes, the attendance of Directors at Board meetings was approximately 90.31%. In 2023 and up to the date of this report, 5 meetings have been held with an attendance rate of 100%.

## 4.5 Role of the Chairman of the Board of Directors

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Salvatore Rossi served as Chairman of the Board of Directors for the entire 2022 financial year.

At the date of his appointment (which took place on 1 April 2021), Chairman Rossi held the powers assigned by the law, the Bylaws and the Corporate Governance Principles. 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, which was concluded with a board resolution on 13 March 2022. As at the date of publication of this Report, the only powers attributed to the Chairman are those assigned by the law, the Bylaws and the Corporate Governance Principles.

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 2022 financial year the Chairman, in agreement with the Chief Executive Officer 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 also held in 2022. During 2022, the Directors were involved in four 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.

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 7.1.

With varying frequency, the full Board 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). Agostino 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

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### *CEOs*

During 2022, with the exception of the brief period up to 21 January (date of appointment of Pietro Labriola as Chief Executive Officer) during which the Chairman held responsibilities and powers relating to Partnership & Alliances, Institutional Communications, Sustainability Projects and Sponsorship, Public Affairs, as well as the responsibility for the management of TIM's assets and activities of strategic importance for the national defence and security system - the Board of Directors had a non-executive 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 powers reserved by law, Bylaws and Corporate Governance Principles) and Pietro Labriola (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).

### *Chairman of the Board of Directors*

The responsibilities and powers assigned during 2022 (for a short time) to the Chairman of the Board of Directors are described in section 4.5 above. 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

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Of the 14 Directors currently in office, 10 meet the independence requirements (pursuant to the CLF and the Code): Directors Boccardelli, Bonomo, Camagni, Carli, Falcone, Ferro Luzzi, Gallazzi, 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.

As a quantitative parameter for the purposes of assessing the independence of Directors, the Corporate Governance Principles (see paragraph 3.3) envisage that, without prejudice to the possibility of a different, reasoned assessment by the Board, any relationship that has resulted in the Director (or candidate for the office of Director) receiving income equal to or greater than twice the annual remuneration paid by the Company in the previous year for the office of non-executive director is normally considered significant.

The Chairman of the Board of Directors, Salvatore Rossi, recognised as independent by the Board of Directors (pursuant to the Consolidated Law on Finance and the Code) at the time of his appointment, lost this status; as of 26 November 2021, as a result of the assignment in his favour of certain operational powers pending the Chief Executive Officer's succession process. Since the Board of Directors meeting of 21 January 2022, where Pietro Labriola was appointed Chief Executive Officer/CEO of the Company and was granted operating powers, the Chairman Salvatore Rossi was recognised by the Board of Directors as a non-executive and non-independent Director.

As at the date of publication of this report, the only powers attributed to the Chairman are those assigned by the law, the Bylaws and the Corporate Governance Principles.

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 aforementioned 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 requirements assessment was carried out during the first Board meeting following the appointment of the Board of Directors (1 April 2021) and, for subsequent financial years, on 14 February 2022 and 14 February 2023.

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

The Board of Statutory Auditors checked the correct application of the criteria and procedures for assessing the Directors' requirements, including that of independence, adopted by the Board of Directors, in the meetings of 22 February 2022 and 15 February 2023, for the corresponding financial years.

During 2022, the Independent Directors have met 6 times.

Coordination of the work (which mainly focused on (i) information flows and (ii) governance issues) was carried out by the Lead Independent Director, Ms Paola Sapienza. Independent directors were allowed, on request, to have advisors of their own choice.

Four meetings of the independent Directors were held in the first quarter of 2023.

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 (Pietro 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 figure (regardless of the conditions laid down in the 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 Company, and he or she may invite representatives of the management of the Group to these meetings.

During the financial year 2022, the Lead Independent Director acted as a coordinator between the independent directors and the Chairman of the Board, through meetings and briefings. Ten meetings were organised (including four during 2023) attended by the independent Directors in the absence of other Directors. The meetings focused on governance, corporate structure and extraordinary transactions.

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 agenda-setting process and the work of the Board.

## 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](http://www.gruppotim.it), in About US section, Governance/Governance Documents/Other Codes and Procedures channel), 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. 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 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 Corporate Governance 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 Officer 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 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 Corporate Governance Code and the internal company rules, the CRC (i) monitors compliance with the company's corporate governance rules, regulatory developments and best practice 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 full 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 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 chairman 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/it/gruppo/governance/strumenti-governance/regolamenti.html>) approved by the Board of Directors, 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 Corporate Governance 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***

On 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 full 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:

- 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 organization.

- 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 2022, with autonomous spending power within this limit. This budget has also been confirmed for 2023.

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 2022, there were 5 meetings, 2 of which were held jointly with the Control and Risk Committee. The meetings lasted on average about 1 hour and thirty minutes, with an overall attendance rate of about 96%. In 2023 and up to the date of approval of this Report, 3 meetings were held, with an attendance rate of 95%.

During 2022, the activities carried out concerned the organisation of ESG activities, the definition of the materiality matrix, the issue of GRI indicators and of the European taxonomy, also for the purposes of the Non-Financial Statement, as well as the monitoring of ongoing corporate initiatives on sustainability and the finalisation and planning of ESG objectives (starting with environmental ones, with a specific focus on energy), in accordance with overall corporate planning.

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

### 7.1 Self-assessment and succession of directors

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For the 2022 financial year, as for every year since 2005, a self-assessment of the Board and its Committees (hereinafter also referred to as the “Board Review”) was carried out, with reference to size, composition and functioning, with the support as external advisor, of Spencer Stuart Italia, a leading consultant on corporate governance and board effectiveness issues, selected within the framework of a specific preliminary investigation conducted by the Nomination and Remuneration Committee.

The aim of the activity was to carry out a structured documentation of the effectiveness of the Board of Directors, in operational terms, and to identify potential areas for improvement.

The Board Review was carried out in line with the most advanced methodology at international level. In particular, the process was conducted through direct interviews with the Directors on the effectiveness, composition and functioning of the Board of Directors as a whole and of the Board's internal committees; an electronic questionnaire was also submitted. The Directors made themselves available and actively participated in the self-assessment process.

A best practice analysis on the functioning of the Board of the Board of Directors and a comparison with the practices adopted by the TIM Board was also carried out; to this end, a specific study, systematically updated by Spencer Stuart at an international level, called “Boardroom Best Practice” was used.

The areas specifically covered were the following:

- Board effectiveness on key issues
- Work organization
- Roles and responsibilities of Directors
- Modalities of Directors participation and cohesion
- Board Committees

The following emerged amongst the main findings:

- Directors confirmed their commitment to their role and felt they could express themselves freely and contribute to the work;
- in general, the Directors noted greater inclusiveness and involvement of the Board in the discussion of strategies and the business plan update, as well as an improvement in the participation in Board and first line management Committee meetings, for the areas of their respective competences;
- a general appreciation emerged for the usability of the IT platform for consultation of the documents made available by the Company Secretariat for the purposes of Board and Committee meetings, whose despatch times showed an improvement during the year, although delays were still reported on certain types of documents, such as those related to extraordinary activities;
- on average, Directors expressed a positive opinion of the work of the Board Committees during their second year in office. The current structure of the Committees is considered effective;
- of the various induction sessions held, the one on governance issues was particularly popular;
- The release of information on particularly important and sensitive topics discussed by the Board continues to emerge as problematic; a reputational issue remains open on which collective reflection is called for, and confidentiality management mechanisms need to be strengthened.

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

- The issues that also emerged in 2022 were obviously affected by the complexity of the Company's situation and of the climate of uncertainty mainly related to extraordinary issues. Having said that, the importance of creating a more cohesive atmosphere among the Directors was highlighted.
- It seems important to continue to improve the structure and management of the Board's agenda and of Board's discussions, as well as to strengthen the communication flow between the Board and the Board Committees.
- Some Directors consider it important to devote increasing attention to sustainability issues, focusing on the need for them to be increasingly integrated into the company's strategy. They hope that more time will be devoted to these issues in the future.
- Despite the progress made, work still needs to be done on the documentation structure.

An action plan with specific follow-up initiatives will be drawn up on the basis of the findings.

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.



On the occasion of the renewal of the Board of Directors on 31 March 2021, in compliance with the recommendations of the Corporate Governance Code, the Board of Directors expressed its guidelines 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](http://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](http://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.

## 7.2 Nomination and Remuneration Committee

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### *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 three drawn from the minority slate submitted in accordance with the Bylaws: for details see Table 3.

The members of the NRC 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 NRC (whose meetings are attended by the Chairman of the Board of Statutory Auditors, or any other Auditor delegated by said Chairman, 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. The NRC has been allocated a budget of 500,000 euros for 2022, with autonomous spending power within this limit. On 30 November 2022, an additional budget of 250,000 euros was allocated to the NRC in relation to the preliminary activities pertaining to the co-optation of two Directors, to replace Luca De Meo and Franck Cadoret who had resigned.

The NRC confirmed Mercer Italia as its general consultant, having ascertained its independence from the Company.

The NRC, 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 Corporate Governance Code, pursuant to the governance documents in force, inter alia:

- monitor the updating of the company management replacement tables, prepared by the Chief Executive Officer;
- discusses in advance with the Chief Executive Officer the decisions concerning the appointment of manager answering directly to it and the appointment of the Chief Executive Officer 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 10 below);
- perform other duties assigned to it by the Board of Directors.

The NRC operating procedures and the prerogatives granted to it are governed by special regulations approved by the Board of Directors.

During 2022, the NRC defined the planning of its activities, based on the performance of the tasks assigned, and held 25 meetings, with an average duration of approx. 1 hour and 40 minutes, with an 84.20% attendance rate of its members. In 2023 and up to the date of approval of this Report, 5 meetings of the Committee were held, with an attendance rate of 100%.

During the financial year 2022, the Committee was involved in managing the succession process for the appointment of the new Chief Executive Officer, as well as the engagement process with key institutional investors and proxy advisors. The Committee also worked on the definition of variable remuneration and incentive policies (both short- and medium/long-term), as well as on the finalisation of the previous year's performance objectives.

The Committee also conducted special investigations for the co-optation of new directors to replace resigning Directors

(De Meo, Cadoret and De Puyfontaine), and for the definition of the relevant remuneration policy. The Committee promoted and instructed the update of the succession process for the Chief Executive Officer and the Chairman, defined in 2015, and for the replacement tables. The review and monitoring of employee engagement and diversity policies, in terms of tools, objectives and results, continued apace. For further information on the work of the NRC, with particular reference to compensation expertise, see the Remuneration Report.

## 8. REMUNERATION OF DIRECTORS - REMUNERATION COMMITTEE

### 8.1 Remuneration of Directors

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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

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As anticipated in point 7.2 above, the Nomination and Remuneration Committee combines - on the basis of principles of operational efficiency - the tasks and responsibilities attributed by the Code to the Nomination Committee and the Remuneration Committee, pursuant to the *governance* documents in force.

The Committee's operating procedures and the prerogatives granted 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 or ICRMS), verifying its adequacy, effectiveness and proper operation, so that the main corporate risks are correctly identified and managed over time.

On the basis of this audit, with reference to the financial year 2022, the Audit Department carried out its own assessment, the results of which can be summarised as follows:

- TIM's ICRMS is, overall, designed and articulated consistently with the recommendations of the Corporate Governance Code, as well as aligned with the main reference frameworks (i.e. "Three lines model" and "COSO framework") and, is currently capable of identifying the main areas of corporate risk
- the significant areas for improvement identified in 2022 were handled by management by means of:
  - an organic programme of initiatives, led by the Chief Executive Officer, which at present appears to be suitably addressing the main issues identified, proceeding in line with the timeframe agreed with the Board of Directors and the Control Bodies
  - prompt remediation plans aimed at reducing the risks highlighted during audit activities, providing for more structured prioritisation processes of the most relevant and cross-cutting issues

The rate at which the above initiatives and remediation plans are implemented is constantly monitored by the Company's competent bodies.

In the light of the above, the Audit Department considers that the initiatives undertaken by management reduce the areas of improvement previously noted to levels that do not compromise the overall adequacy of the ICRMS, even though it will take time to complete them and to fully appreciate their effectiveness and relative resilience.

At its meeting on 15 March 2023, the Board of Directors, at the proposal of the Control and Risk Committee, endorsed the assessment of the internal control and risk management system formulated by the Audit Department, confirming the overall adequacy of the Company's ICRMS.

### *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 Telecom Italia Group's Code of Ethics and Conduct (available on the website [www.gruppotim.it](http://www.gruppotim.it) in *About Us* section - *Governance/Governance tools/Code of Ethics and Conduct*) 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.

In this context, in order to ensure the identification and definition of initiatives for the evolution of the internal control and corporate risk management system, the "Internal Control and Risk Management System" Steering Committee (hereinafter also referred to as the "ICRMS Steering Committee" for short), chaired by the Chief Executive Officer, was set up in September 2022. The ICRMS Steering Committee defined a structured and integrated plan for the implementation and monitoring of the actions necessary to overcome the findings identified and to strengthen the weakness areas detected by the control activities.

### *Enterprise Risk Management*

The TIM Group has adopted a continuously evolving Enterprise Risk Management model (hereinafter ERM) in line with international regulations and standards to enable risks to be identified and managed in a homogeneous manner within the Group. The ERM process is integrated with the strategic and operational planning processes and is designed to identify potential events that may affect business operations, in order to manage risk within acceptable limits and to provide reasonable confidence that business objectives will be achieved.

The ERM Model adopted by the TIM Group

- identifies and updates, in cooperation with the risk owners, the overall risk portfolio to which the Group is exposed through:
  - analysis of the Business Plan and the most significant investment projects,

- monitoring of the external (e.g. macroeconomic and regulatory) and internal (analysis of business processes) reference contexts,
- specific analyses of the risks to which company assets may be exposed,
- the continuous monitoring of the risk profile, in order to intercept possible variations and/or new risk scenarios.
- quantitatively assesses risks not only individually, but also from a risk portfolio perspective taking into account correlations;
- supports management in defining and monitoring risk mitigation plans.

The approach adopted is dynamic and, therefore, envisages an ongoing review of risk scenarios both upon definition of the Strategic Plan and when significant changes occur with respect to the Group's internal and external context, as well as when new risk situations are identified and/or occur. The process governance is the responsibility of the ERM Steering Committee, chaired and coordinated by the Chief Financial Officer, who 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.

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 and 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 quantitatively evaluate risks that could compromise the achievement of business objectives.

4. Treatment:

The purpose of the treatment is to identify, assess (in terms of cost/benefit), implement and monitor the actions necessary to mitigate the risk by acting on the impact values and/or the probability of occurrence.

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 ERM 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 ERM 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:

- the definition, at a centralized level, of guidelines to which operations must adhere,
- the operation of a special internal committee that monitors the level of risk exposure in line with the pre-set objectives,
- the identification of financial instruments, including derivative instruments, most suitable to meet the set objectives,
- monitoring the results achieved,
- 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 has a central role when maintaining positive relationships between the company and those it interacts with, contributing – in addition to the company performance – to create value for the shareholders.

The system for internal control over 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 operates a structured and documented model of detection and monitoring of risks connected to the financial information, which refers to the 2013 CoSo 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 system for internal control over financial reporting and in the management of relations with the Independent Auditor, assisted by his own specialised departments. The management, with the support of resources who coordinate the activities planned in the certification calendar in each business department/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. In addition, it supports the management and the Chief Financial Officer at all stages of the process, periodically informing him of the progress of 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 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 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

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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, 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

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

The Control and Risk Committee ("CRC") 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 CRC 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 CRC (whose meetings are attended by the Chairman of the Board of Statutory Auditors, or any other Auditor delegated by said Chairman, 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 CRC has been allocated a budget of EUR 500,000 for 2022, with autonomous spending power within this limit.

Without prejudice to the tasks assigned by the Corporate Governance Code and by the Corporate Governance Principles<sup>1</sup>, the CRC:

- 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 CRC operating procedures and the prerogatives granted to it are governed by special regulations approved by the Board of Directors.

During 2022, the CRC defined the planning of its activities, based on the performance of the tasks assigned, holding 26 meetings (9 of which were held jointly with the Board of Statutory Auditors and 2 with the Sustainability Committee), with an average duration of approx. 3 hours and 30 minutes and an average attendance rate of its members of 94.60%. In 2023 and up to the date of approval of this Report, 5 meetings of the Committee were held, with an attendance rate of 92%.

The topics discussed by the Committee during 2022 included, inter alia: the preliminary investigation on the financial

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<sup>1</sup> Pursuant to the 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 be an executive officer.

and non-financial information disclosed 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 definition of the materiality matrix for the purposes of non-financial reporting (sustainability report); the monitoring of the activities carried out by the Internal Control and Risk Management System Steering Committee and the actions identified by it; the examination of specific corporate processes and the analysis of specific operations, in terms of their risk and impact on the results for the period and prospects.

### 9.3 Head of the Internal Audit Department

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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, 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 the Corporate Governance Code and Corporate Governance Principles, the Head of the Audit Department:

1. reports hierarchically to the Board of Directors and is not responsible for any operational area;
2. is a member of the 231 Supervisory Body;
3. 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 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 CRC, 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. 9.4 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 of Directors, the Chairman of the Control and Risk Committee, the Chief Executive Officer, the Board of Statutory Auditors and the 231 Supervisory Body. The state of progress of the audit Plan and any need for changes according to emerging risks are periodically reported to the 231 Supervisory Body, the Board of Statutory Auditors, the Control and Risk Committee and, for the assessments of competence, submitted for assessment to the Board of Directors;
4. 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 Body;
5. tests the reliability of the information systems, including the accounting system, as part of the audit Plan;
6. has direct access to all information useful for the performance of his or her duties;
7. drafts periodic reports containing information on his or her own activity, and on the risk management process, as well as about compliance with the plans defined to mitigate these risks;
8. refers to the Control and Risk Committee, to the Board of Statutory Auditors and, as regards TIM issues only, also to the Chairman of the 231 Supervisory Body, on the periodic reports pursuant to the preceding point;
9. provides the Control and Risk Committee and the Board of Statutory Auditors, on a half-yearly basis, with an assessment of the overall adequacy and operation of TIM's Internal Control and Risk Management System.

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 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.

Based on 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 the analysis of activities, functions, processes, organisation and corporate systems and an objective assessment of the evidence, aim to identify possible areas for strengthening the internal control and risk management system, requiring the implementation of action plans by management. The Audit Department defines the nature and scope of the assurance appointment;
- Consulting: this is an activity generally performed at the specific request of TIM's management and control bodies or top management, carried out in support of corporate functions with a view to improving processes. The nature and scope of the assignment are defined and carried out in agreement with the customer; 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 Telecom Italia Group, the Policy for the Respect of Human Rights within the Group, the Organisational Model 231 adopted by the Group, internal procedures and any external regulations applicable to the Group<sup>2</sup>. 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 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;
- Spot & Subsidiaries Audit - dedicated to audit activities not included in the Plan that arise from requests by the control bodies and Top Management and to audit activities on the processes of the Group's subsidiaries;
- 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 Organizational Model 231, 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 to the Code of Ethics and Conduct of the Telecom Italia Group 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 of the Telecom Italia Group; 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.

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<sup>2</sup> For reports concerning TIM S.p.A., the owner of the management process is the TIM Supervisory Body, 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 Group Companies, the owners of the process are the respective Supervisory Bodies.

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 SB"). The current 231 SB, as renewed by the Board of Directors on 15 March 2023, is composed of four members, including the Chairman and a member identified in external professionals (Giuseppe Pignatone and Carlo Piergallini), in addition to the Head of the Audit Department and the Statutory Auditor Anna Doro, 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 Organizational Model 231 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, handling 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 Supervisory Body 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 15 March 2023, the Board of Directors approved the update of the Organisational Model 231 and the Company's Code of Ethics and Conduct. On TIM's website there is a section dedicated to the Organisational Model 231 ([www.gruppotim.it](http://www.gruppotim.it) About Us section, *Governance/Governance Tools/The 231 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 of the Telecom Italia Group;
- 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. TIM's Anti-Corruption Management System is subject to periodic review in order to assess its compliance 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](http://www.gruppotim.it), About Us section, *Governance/Governance Tools/Anti-Bribery Management System*).

## 9.5 Independent Auditor

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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 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](http://www.gruppotim.it), in the About Us section, *Governance channel/Governance tools/Other Codes and 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

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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](http://www.gruppotim.it) About Us Section, *Governance channel / Governance tools / Regulations*.

By resolution of 14 February 2022, having acknowledged Adrián Calaza Noia's appointment to the position of Chief Financial Officer, and having obtained the opinion of the Board of Statutory Auditors, the Board of Directors appointed him to the role of Executive responsible for preparing the corporate accounting documents, with effect from the completion, by the previous CFO, Giovanni Ronca, of the activities related to the filing of the financial statements of the Group Companies prior to the Shareholders' Meeting.

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 and Risk Management System. 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 Executive 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

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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), which hierarchically reports to the Board of Directors and to which the Group's institutional/regulatory, commercial and technological compliance oversight is attributed;
  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 ERM process implemented in TIM guarantees, through the ERM structure within the Chief Financial Office and the work of the ERM Steering Committee, coordination between all those involved in the internal control process thanks to a two-way flow of information.

## 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.

Pursuant to the Regulation of the Board of Directors - recently amended by the Board resolution of 9 November 2022 - a Director who has, on their own behalf or on behalf of third parties, an interest in a certain transaction, must abstain from taking part in the discussion and voting on the transaction in question, leaving the meeting, without prejudice to the right of the Board of Directors to resolve that, in the interest of the Company, they may participate in the discussion, without prejudice to the obligation to abstain from voting. In addition, the Regulation of the Board of Directors identify further safeguards applicable in specific situations of potential conflict of interest.

In compliance with the Consob Related Parties Regulation, the Company has adopted a procedure for carrying out transactions with related parties<sup>3</sup>), available at [www.gruppotim.it/it/gruppo/governance/strumenti-governance/altri-codici-procedure.html](http://www.gruppotim.it/it/gruppo/governance/strumenti-governance/altri-codici-procedure.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 department 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.

Disclosure of related party transactions during the reporting period is included in the Annual Financial Report, in a separate chapter.

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 (also "RPC") consisting of five independent directors, two of whom were taken from the minority slate: for details, see Table 3.

The Related Parties Committee (whose meetings are attended by the Chairman of the Board of Statutory Auditors or any other Auditor delegated by said Chairman, 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

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<sup>3</sup> 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.

with the current Related Party Procedure, it is supported by the Group Compliance Officer who governs its responsibilities and activities. The RPC has been assigned a budget of EUR 250,000 for 2022, 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 which it is responsible, as per Consob Related Parties Regulation.

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

In 2022, the Committee scheduled its activities in accordance with the tasks assigned to it and met 22 times, with an average meeting duration of approximately 1 hour and 40 minutes and an attendance rate of 93.60%. In 2023 and up to the date of approval of this Report, 5 meetings were held, with an attendance rate of 95%. During 2022, 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.

Currently at TIM, subject to compliance with the provisions on transactions with related parties, the matter of potential conflicts of interest is governed by the Corporate Governance Principles (cf. paragraph 2.2 therein) and the Regulation of the Board of Directors (cf. Articles 2.11 et seq. therein).

# 11. BOARD OF STATUTORY AUDITORS

## 11.1 Appointment and replacement

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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)

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The Shareholders' Meeting of 31 March 2021 appointed the current Board of Statutory Auditors, which will expire on the date of approval of the financial statements for the 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 Bonissoni (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](http://www.gruppotim.it), About Us Section - *Governance/Board of Statutory Auditors/Composition* channel.

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 meetings of the 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 2022, 41 meetings were held (9 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 3 hours and 15 minutes. The average attendance percentage was around 95%. In 2023 and up to the date of approval of this Report, 4 meetings were held, with an attendance rate of 100%.

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 the financial years 2022 and 2023, in the meetings of 4 February 2022 and 15 February 2023, respectively, applying - among others - the criteria indicated in the Corporate Governance 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 remuneration of the Statutory Auditors was set at the proposal of the shareholder Vivendi, by the Shareholders' Meeting that proceeded with their appointment, at 95,000 euros for each of the Standing Auditors, 135,000 euros for the Chairman of the Board of Statutory Auditors, and 15,000 euros for the Standing Auditor appointed to the Company's 231 Supervisory Body.

#### ***Interest management***

In accordance with the 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. .
- Currently, subject to compliance with the provisions on transactions with related parties, the matter of extra-corporate interests is regulated by the Corporate Governance Principles (cf. Section 2.2 therein) and the Regulation of the Board of Directors (cf. Articles 2.11 et seq. therein).

## 12. RELATIONS WITH SHAREHOLDERS

### *Access to information*

In the Investors section of the institutional website (<https://www.gruppotim.it/it/investitori.html>) 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:

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

Via Gaetano Negri, 1

20123 Milan

E-mail: [investor\\_relations@telecomitalia.it](mailto:investor_relations@telecomitalia.it)

TIM's Investor Relations Department, of which Manuela Carra was Head until February 2023, reports to the Chief Financial Officer, who is currently acting as its head *ad interim*. This department 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 2022 took place mainly through the participation of the Top Management in virtual and in person events with investors and stakeholders of different nationalities (including Italy, France, Germany, Spain, Switzerland, UK, USA). Quarterly conference calls on financial results, roadshows with equity investors, ESG and credit investment funds, and multiple meetings with the financial community were organised. 2022 also saw in person, and not only virtual, participation in sectoral conferences, organised by Italian and international banks. Overall, there were more than 700 communication meetings aimed at maintaining and expanding the Italian and international investor base.

<b>2022</b>	<b>Event</b>
January - February	Virtual meetings with investors
March - April	FY2021 financial results and update to the 2022-2024 Plan, related conference call with analysts and virtual roadshows with Italian and international investors to present results and Plan Update. Industry conference and virtual reverse roadshow with investors Pre-meeting engagement with Investors
May - June	Q1 2022 financial results and related conference call with analysts Virtual and in person industry conferences (Milan, London) and virtual reverse roadshow with investors
July - August	Virtual Capital Market Day and related in person roadshow (Milan, London, New York and Boston) and virtual roadshow with Spain, Germany and Switzerland. Q2 2022 financial results and related <i>conference call</i> with analysts.
September - October	Virtual and in person sector conferences (Milan, Rome, London) and Reverse Roadshow in Rome with investors
November - December	Q3 2022 financial results and related conference call with analysts, in person sector conference in Barcelona with investors and in London with credit investors.

The topics of greatest interest to the Financial Community included:

- the evolution of the domestic, mobile, fixed and wholesale competitive environment;
- the delayering plan submitted by the Company on 7 July 2022 and the four different entities identified: NetCo, TIM Enterprise, TIM Consumer and TIM Brasil, with their development plans, market contexts and positioning;
- the TIM Group's economic and financial situation and the influence of multiple macroeconomic factors (in particular, the impact of rising energy costs, inflation and interest rates);
- monitoring of organic and derived from extraordinary Group operations deleverage;
- cash generation and working capital performance;
- cost reduction management and Group's investment performance;
- the increase in wholesale prices, which for the first time will be indexed to inflation;
- the growth in FTTx technology customers, convergent services and penetration of ICT services in the business segment;

- the loss related to the agreement with DAZN and the effects of its subsequent renegotiation;
- 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 allocation of 7 lots in the Italia 1Giga tender for the coverage of grey areas infrastructure;
  - the awarding of the tender on 5G coverage and the tender process on backhauling;
  - the award of 2 lots in the "Sanità Connessa" tender process and 4 lots in the "Scuole Connesse" tender process;
  - the assignment to the project Company owned by TIM, Leonardo, Sogei and CDP Equity, of the National Strategic Hub tender process for the provision of cloud services 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/content/dam/gt/gruppo/governance/doc-governance/italiano/Engagement-Policy-TIM-ITA.pdf>), a document that formalises the subject of dialogue with shareholders in general, as recommended in the Corporate Governance 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 guiding role of the Board of Directors.

## 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 7 April 2022 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 1998, 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). Ten Directors, out of a total of 15 in office, attended the Shareholders' Meeting in attendance and via video conference connection.

The procedures for the management of the Shareholders' Meeting proceedings applied in 2022 will be replicated at the Shareholders' Meeting of 20 April 2023, considering that Law No. 14 of 24 February 2023, converting, with amendments, Law Decree 198/2022 extended the relevant deadline for applicability until 31 July 2023.

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 activating 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/it/gruppo/governance/strumenti-governance/regolamenti.html>.

In relation to the manner in which the Annual Shareholders' Meeting was to be held in 2022, the Chairmen 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 KKR, on 19 November 2021, 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 2022, the ad hoc Committee met five times with an average meeting duration of about 1 hour and 40 minutes and an attendance rate of 96%. The Committee was dissolved on 13 March 2022, having been deemed by the Board of Directors to have completed its work.

## 15. CHANGES SINCE THE END OF THE REFERENCE YEAR

Following the resignation tendered by Arnaud Roy de Puyfontaine on 16 January 2023, in its meeting of 14 February 2023, the Board of Directors resolved not to co-opt a Director to replace him, taking into account the approaching Shareholders' Meeting that will be called to decide on the appointment. The Board, at its subsequent meeting on 15 March 2023, also resolved not to submit a nomination for the relevant replacement to the Shareholders' Meeting, inviting shareholders to submit proposals within fifteen days before the Shareholders' Meeting.

On 18 January 2023, the Board of Directors resolved to issue a non-convertible bond. On 20 January 2023, upon completion of bookbuilding activities, TIM successfully placed an 850 million euro unsecured fixed-rate bond offered to institutional investors. The proceeds of the new issue will be used to optimise and refinance the maturities of existing debt. The bond's regulation contains certain undertakings typical for transactions with these characteristics, including the restriction on the issuer to grant guarantees on its assets or to carry out extraordinary corporate transactions, except in compliance with certain parameters.

The bond is listed on the Euro MFT market of the Luxembourg Stock Exchange.

On 1 February 2023, TIM received a new non-binding offer from KKR for the purchase of an equity investment in a company to be set up, coinciding with the management and infrastructure perimeter of the fixed network, including the assets and activities of FiberCop, as well as the equity investment in Sparkle. The non-binding offer refers to an equity investment to be defined, on the understanding that the purchase would result in the loss of vertical integration with TIM.

On 14 February 2023, the Board of Directors unanimously approved the 2023-2025 Business Plan, which follows the transformation path started in 2022. Despite a profoundly changed macroeconomic environment compared to last year, the new plan is in continuity with the previous one and with the project presented at the Capital Market Day (7 July 2022). In particular, thanks to the better-than-expected 2022 results, the plan forecasts a further acceleration at Group level.

On 5 March 2023, TIM received a second non-binding offer, submitted by the consortium made up of CDP Equity S.p.A. and Macquarie Infrastructure and Real Assets (Europe) Limited, for the purchase of a company to be incorporated, which would essentially be responsible for the management and infrastructure perimeter of the fixed network, including FiberCop's assets and activities, as well as the equity investment in Sparkle.

In the light of the information provided, the Company's Board of Directors, which met on 15 March 2023, greatly appreciated the interest expressed in the non-binding offer formulated by the consortium, despite considering that - in the same way as KKR's non-binding offer - it did not reflect the value of the asset and TIM's expectations. A regulated competitive procedure was therefore launched to allow both bidders to submit their improved offers.

At the date of this Report, this procedure is still ongoing.

The Board also resolved to entrust the Related Parties Committee with the task of performing its investigative functions with regard to both offers.

## 17. 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 all Directors and Statutory Auditors and made the subject of a specific presentation to the Board of Directors. The 2023 recommendations concern issues that have already been the subject of specific attention by the Board of Directors and the Board Committees.

## TABLE 1 - INFORMATION ON SHARE OWNERSHIP

### Share capital structure up to 31 December 2022

	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

### Major holdings in share capital as at 31 December 2022

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. CLF	No. other offices (****)	Participation (*****)
Chairman	Salvatore Rossi	1949	21/10/2019	31/03/2021	31/12/2023	BOD	M	=	X			1	22/22
Chief Executive Officer and General Manager*	Pietro Labriola	1967	21/01/2022	07/04/2022	31/12/2023	N.A.	N.A.	X	=	=	=	=	22/22
Director	Paolo Boccardelli	1971	31/03/2021	31/03/2021	31/12/2023	SHAREHOLDERS	m	=	X	X	X	=	21/22
Director	Paola Bonomo	1969	04/05/2018	31/03/2021	31/12/2023	BOD	M	=	X	X	X	4	22/22
Director	Paola Camagni	1970	31/03/2021	31/03/2021	31/12/2023	SHAREHOLDERS	m	=	X	X	X	3	21/22
Director	Maurizio Carli	1958	31/03/2021	31/03/2021	31/12/2023	SHAREHOLDERS	m	=	X	X	X	2	20/22
Director	Arnaud Roy de Puyfontaine	1964	15/12/2015	31/03/2021	16/1/2023	BOD	M	=	X	=	=	5	17/22
Director	Cristiana Falcone	1973	31/03/2021	31/03/2021	31/12/2023	BOD	M	=	X	X	X	=	17/22
Director	Federico Ferro Luzzi	1968	31/03/2021	31/03/2021	31/12/2023	SHAREHOLDERS	m	=	X	X	X	1	20/22
Director	Giulio Gallazzi	1964	30/11/2022	30/11/2022	20/04/2023	N.A.	N.A.	=	X	X	X	2	1/1
Director	Giovanni Gorno Tempini	1962	31/03/2021	31/03/2021	31/12/2023	BOD	M	=	X	=	=	5	19/22
Director	Marella Moretti	1965	04/05/2017	31/03/2021	31/12/2023	BOD	M	=	X	X	X	2	22/22
Director	Ilaria Romagnoli	1967	31/03/2021	31/03/2021	31/12/2023	BOD	M	=	X	X	X	=	21/22
Director	Paola Sapienza	1965	31/03/2021	31/03/2021	31/12/2023	SHAREHOLDERS	m	=	X	X	X	=	21/22
Director	Massimo Sarmi	1948	15/12/2022	15/12/2022	20/04/2023	N.A.	N.A.	=	X	=	=	1	0/0
-----DIRECTORS WHO RESIGNED DURING THE FINANCIAL YEAR-----													
Director	Franck Cadoret	1957	31/03/2021	31/03/2021	16/11/2022	BOD	M	=	X	=	=	2	19/20
Director	Luca De Meo	1967	31/03/2021	31/03/2021	29/09/2022	BOD	M	=	X	X	X	4	10/17

Indicate the number of meetings held during the financial year: 22

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 CLF): 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.

o 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	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Chairman of the BoD	Salvatore Rossi							5/5	C	5/5	C
Non-executive director independent as per CLF and Code	Paolo Boccardelli	26/26	M			22/22	C			5/5	M
Non-executive director independent as per CLF and Code	Paola Bonomo	25/26	M	26/26	C						
Non-executive director independent as per CLF and Code	Paola Camagni			26/26	M			5/5	M		
Non-executive director independent as per CLF and Code	Maurizio Carli			22/26	M	22/22	M				
Non-executive director independent as per CLF and Code	Cristiana Falcone					17/22	M	4/5	M		
Non-executive director independent as per CLF and Code	Federico Ferro Luzzi	26/26	C					5/5	M		
Non-executive director independent as per CLF and Code	Marella Moretti	24/26	M			22/22	M			5/5	M
Non-executive director independent as per CLF and Code	Ilaria Romagnoli	22/26				20/22	M			5/5	M
Non-executive director independent as per CLF and Code	Paola Sapienza			5/26	M			5/5	M	4/5	M
<b>No. meetings held during the reference financial year</b>		<b>26</b>		<b>26</b>		<b>22</b>		<b>5</b>		<b>5</b>	
<b>DIRECTORS WHO RESIGNED DURING THE YEAR</b>											
Non-executive director independent as per CLF and Code	Luca De Meo			4/10	M						
<b>No. meetings held during the reference financial year:</b>		<b>X</b>		<b>10</b>		<b>X</b>		<b>X</b>		<b>X</b>	

**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.

## Offices held by the Directors.

The offices held by the Directors are detailed below.

Paola Bonomo	Director at Axa Assicurazioni, FAAC S.p.A. and Crystal Peak Acquisitions, member of the Investment Committee of the Neva First Fund.
Franck Cadoret	General Manager of Vivendi Group and Chief Executive Officer for France of the Canal+ Group
Paola Camagni	Independent Director of FSI Sgr S.p.A., President of the Board of Statutory Auditors of Mozambique Rovuma Venture S.p.A., AGI-Agenzia Giornalistica Italia S.p.A., Azule Energy Angola S.p.A. e Eni Rewind S.p.A. (ENI Group companies) and Standig Auditor of CNP UniCredit Vita S.p.A. and, in the same Group CNP Vita Assicura S.p.A., CNP Vita Assicurazione S.p.A. and CNP Vita S.c.ar.l.
Maurizio Carli	Director of Board International S.A. and Temenos AG
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 Roy 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.
Giulio Gallazzi	Member of the Board of Directors of MFE N. V. (Media For Europe Group) and Danieli & C.
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.
Massimo Sarni	Chairman of Fibercop S.p.A. (TIM Group)

**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	41/41	11
Standing Auditor	Angelo Rocco Bonisconi	1959	31/03/2021	31/03/2021	31/12/2023	M	X	38/41	2
Standing Auditor	Francesca di Donato	1973	31/03/2021	31/03/2021	31/12/2023	M	X	39/41	14
Standing Auditor	Anna Doro	1965	24/04/2018	24/04/2018	31/12/2023	m	X	40/41	2
Standing Auditor	Massimo Gambini	1957	31/03/2021	31/03/2021	31/12/2023	M	X	36/41	0
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	=	=

**No. of meetings held during FY2022: 41, (9 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.