



Guidelines of the TIM Group's Internal Control and Risk Management System

Board of Directors' meeting of 27/09/2023

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1. THE TIM GROUP'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM: REFERENCE PRINCIPLES

The Internal Control and Risk Management System (hereinafter also the "ICRMS" or "System") is an essential part of the general organisational structure of TIM S.p.A. (hereinafter also the "Company" or "TIM") and its group (hereinafter also the "TIM Group" or "Group") and consists of all organisational structures, corporate rules and procedures aimed at ensuring an effective and efficient process for identifying, measuring, managing and monitoring main risks, with the aim of contributing to the sustainable success of the TIM Group, also through the definition of adequate information flows designed to promote coordination and the circulation of information among the various players of the ICRMS.

An effective ICRMS contributes to a business management that is consistent with the corporate objectives defined by the Board of Directors, promoting informed decision-making, and helps to ensure:

- (i) the safeguarding of company assets;
- ii) the efficiency and effectiveness of business processes;
- (iii) the reliability of information provided to the corporate bodies and the market;
- iii) compliance with laws and regulations, the Bylaws and internal regulations.

TIM's ICRMS was developed and defined taking into account the indications of the Corporate Governance Code of Borsa Italiana¹, TIM's Corporate Governance Principles, applicable best practices and the most recognised and widespread methodological frameworks at international level ("COSO - Internal Control" and "COSO - Enterprise Risk Management"), issued by the Committee of Sponsoring Organizations of the Treadway Commission and updated in 2013 and 2017 respectively, as well as the historical series of the effects of the application of the Internal Control and Risk Management Systems previously developed.



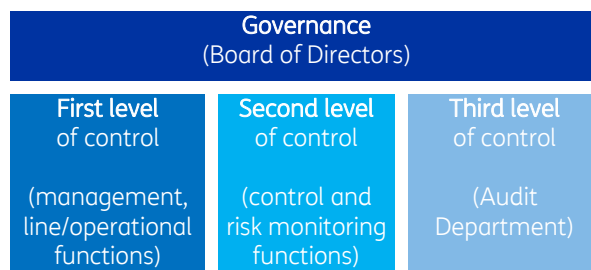
COSO Internal Control – Integrated Framework

These Guidelines apply to TIM S.p.A. and, in the manner described herein, to its direct or indirect subsidiaries (hereinafter, in brief, also "subsidiaries"), and are intended to:

- identify the principles and responsibilities of the governance, management and monitoring of risks related to business activities;
- define the guidelines for the various players of the ICRMS, in order to ensure that the main risks relating to the Group are correctly identified, and also adequately measured, managed and monitored;
- provide for control activities at each operational level, in order to ensure coordination and fruitful interaction among the main players of the ICRMS, also through the exchange of information flows among them.

¹ Approved in January 2020 by the Corporate Governance Committee.

The TIM Group's Internal Control and Risk Management System is an integrated system that involves the entire organisational structure: corporate bodies and corporate structures are required to contribute to its functioning according to the scheme below, based on the "Three Lines Model"²:



Governance: entrusted to the Board of Directors, responsible for defining the guidelines of the ICRMS and ensuring their adequacy. In this context, the establishment and maintenance of the ICRMS are entrusted to the Chief Executive Officer ("CEO") and to the Manager responsible for preparing the Company's accounting documents ("Financial Reporting Officer"), for areas under their responsibility, so as to ensure the overall adequacy of the System and its concrete functioning, from a risk-based perspective; they are therefore responsible for identifying risks and the first and second level of controls.

First level of control: entrusted to the individual operating units, that identify, monitor and assess risks under their responsibility and define specific mitigation actions for their management, ensuring the correct execution of specific transactions/operations. These control activities are delegated to the primary responsibility of Management and are considered an integral part of every business process.

Second level of control: entrusted to specific company functions other than line/operational functions, that contribute to defining risk measurement methodologies, and to identifying, evaluating and monitoring/verifying risks. In addition, these functions provide support for the first level of control in defining and implementing actions to mitigate the main risks.

Third level of control: entrusted to the Audit Department which provides independent assurance and assesses the adequacy of the design and actual functioning of the ICRMS as a whole, also through checks of line controls as well as second-level control activities.

2. THE ARCHITECTURE OF TIM'S ICRMS

In line with the provisions of the "COSO - Internal Control" Framework, the process of defining and implementing TIM's ICRMS is continual, aimed at its overall improvement. This process is integrated into company activities, carried out by people in pursuit of the corporate objectives, and is subject to periodic evaluation.

In particular, TIM's ICRMS is structured in line with the following elements:

1. the control environment;
2. the risk assessment;
3. control activities;
4. information and communication;
5. monitoring.

² In keeping with the Institute of Internal Auditors' "Three Lines Model" (20 July 2020).

2.1 THE CONTROL ENVIRONMENT

The control environment describes a set of standards, processes and structures that provide the basis for conducting controls throughout the organisation.

TIM's Board of Directors plays a strategic steering and supervisory role, pursuing the primary objective of creating value for shareholders in the mid to long term, also taking into account the legitimate interests of the remaining stakeholders, with a view to the sustainable success of the company.

The internal environment and corporate culture are steered by the Company's Board of Directors. The experience, independence and ethical integrity of the Directors, their rigor and commitment to the control of activities and supervision of business management are fundamental factors of the internal environment, that make a decisive contribution to the effectiveness of the ICRMS.

The Board of Directors and management of TIM at all levels of the organisation demonstrate, through their directives, actions and behaviour, the importance of integrity and ethical values in support of the functioning of the ICRMS (Tone at the Top).

The Board of Directors adopts the Group's Code of Ethics and Conduct, which sets out the fundamental values and conduct expected in the performance of corporate activities and in the management of the relationships deriving from them, also with suppliers and business partners.

TIM's ICRMS has processes in place to assess how people's behaviour is aligned with the standards of conduct. In this regard, the Disciplinary System adopted by TIM and described in the 231 Model sanctions failure to comply with the principles, measures and rules of conduct set out in the Code of Ethics, in the Model itself and in the implementing procedures.

The set of principles and rules that guide the activities aimed at pursuing the corporate objectives, the management of risks associated with them and the control and monitoring activities are defined in the regulatory instruments (primarily Policies, Procedures and Operating Instructions) that the Group adopts and disseminates to the entire organisation, considering them fundamental knowledge management tools.

Management defines: (i) the roles and responsibilities related to the planning, execution and control of company activities ensuring that the principle of the segregation of duties is applied, in compliance with the defined hierarchical lines, the diversity of roles and the corporate mission; (ii) information and reporting flows.

TIM is committed to attracting, developing and retaining competent people in line with its objectives. In particular, the empowerment of people, and the monitoring and development of skills are fundamental for achieving corporate objectives in general, and the aims of the ICRMS in particular. To this end, TIM's Management, with the support of the competent corporate functions, ensures the presence of people with adequate skills to meet company needs, through:

- a transparent and documented selection path, based on defined processes and methodologies, uniformly applied;
- training initiatives for the professional and managerial development of people;
- the use of appropriate personnel appraisal systems to identify work behaviour, results, professional knowledge, experience and potential in order to adequately guide HR growth and development paths, also according to business needs;
- remuneration systems designed to value people in line with the levels of responsibility assigned and professionalism acquired. These can also include, as part of the variable component, objectives related to the strengthening of the Internal Control and Risk Management System with the aim of consolidating Management's culture and awareness of these issues).

2.2 RISK ASSESSMENT

The TIM Group, inspired by the guidelines of ISO 31000: 2018 and the principles of COSO - ERM Framework, adopts an Enterprise Risk Management Process (hereinafter "ERM") aimed at identifying, assessing, treating and monitoring potential events whose occurrence may impact the achievement of the main corporate objectives defined in the Business Plan. This process provides a unitary and updated overview of exposure to risk, supporting the decision-making process and enabling informed risk management.

TIM's ERM process, in addition to being consistent with the external and internal context the Group deals with, is linked to the most relevant corporate objectives in terms of the economic and financial impact in order to achieve them. Where possible, the TIM Group's ERM process promotes the use of an approach based on a quantitative risk assessment, related to the level of impact and probability of occurrence.

The risks which the TIM Group is subject to are assessed not only individually, but also from a portfolio perspective and are continuously monitored in order to promptly detect changes in the external and internal context and the levels of deviation from the risk acceptance thresholds (Risk Appetite, Risk Tolerance), and, consequently identify the necessary actions to be taken.

The ERM model is reviewed and updated periodically in order to ensure alignment with applicable best practices and continual improvement (in terms of quality and effectiveness) based on the experience gained.

In addition, activities to manage fraud and abuse perpetrated by third parties against the Company are ensured at a TIM Group level, through the analysis of potential risks of fraud/abuse, the assessment of existing anti-fraud safeguards, the definition of countermeasures, monitoring, analysis and detection of allegedly fraudulent/abusive events.

2.3 CONTROL ACTIVITIES

The control activities defined and implemented by the TIM Group are directly related to the identification of business risks (Risk Assessment), with the goal of providing measures for their protection, mitigation and governance, taking into account the risk appetite and tolerance.

These control activities are integrated into operational processes, include different types of controls (manual, automatic, preventive and detective), involve all organisational levels, include a set of different operations/activities (approvals, authorizations, controls, document comparisons, examination of results, controls on information systems, segregation of duties, etc.). TIM pays particular attention to the implementation of a robust system of controls on the systems and security aspects of data, applications, assets and network infrastructures.

Processes, roles and areas of responsibility related to control activities are defined in the company's policies and procedures. In general, all TIM resources are responsible for the functioning of controls, in relation to their activities and competence, and act promptly if it is necessary to take corrective actions to ensure controls are adequately performed.

In particular, the main control activities implemented refer to:

- a. the 231 Model, which defines the General and Specific Control Standards designed to oversee the risks of the commission of crimes contemplated in Legislative Decree 231/2001; expected principles of conduct and existing control measures in the context of business processes at risk of the possible commission of predicate offences;
- b. the "whistleblowing" system that allows for the reporting, even anonymously, of conduct referable to TIM personnel and/or third parties in business relations with the Company, that does not comply with/infringes laws, rules and regulations in general, the Code of Ethics and Conduct and the 231 Model, as well as the system of rules and procedures in force within the Group;
- c. the internal control system on financial reporting (pursuant to Law 262/2005);

- d. the tax risk control and management system (Tax Control Framework);
- e. The Anti-Bribery Management System (ABMS) - certified to UNI ISO 37001, in order to support the organisation in preventing, detecting and responding to phenomena related to bribery, in compliance with relevant anti-bribery laws and the commitments voluntarily undertaken and applicable to its business;
- f. the internal control system in the context of ICT (which also includes "Information Technology General Controls"), cybersecurity and Privacy (GDPR).

In addition, third level control activities are carried out by TIM's Audit Department in line with the International Standards for the Professional Practice of Internal Auditing³, with full organisational independence, free from interference in defining the scope, in the performance of activities and communication of the results.

These activities are carried out according to an annual top-down risk-based audit plan approved by the Board of Directors supplemented by requests from the control bodies and top management (Chairman of the Board of Directors and CEO) in the face of risks emerging during the year and are typically focused on business areas that present potential or actual risks or criticalities.

2.4 INFORMATION AND COMMUNICATION

Information and communication are necessary elements for the proper functioning of the ICRMS to support the achievement of corporate objectives.

TIM adopts its own processes and supporting information systems with the aim of identifying, managing and communicating in a complete, reliable, secure and timely manner, information relevant to internal decision-making processes, control processes and relations with its stakeholders.

In particular, TIM's internal communication processes support the sharing at all levels of the organisation of objectives, roles and responsibilities in terms of the Internal Control and Risk Management System.⁴

The TIM Group externally communicates relevant information about the functioning of the ICRMS, through the publication and dissemination of documents/communications/reports (such as the Annual and Interim Financial Reports, TIM's Corporate Governance Principles, the Report on Corporate Governance and Ownership Structure, Non-Financial Information, etc.) in accordance with applicable external and internal regulations.

2.5 MONITORING

Monitoring is the set of activities aimed at verifying that the ICRMS, as a whole and in its individual phases, is effectively designed and actually operational over time; monitoring involves the continual supervision and/or specific assessments carried out periodically.

Specifically, the TIM Group provides for a group of continual assessments (ongoing) and autonomous (separate) assessments on the correct functioning of the ICRMS.

Ongoing assessments are integrated and carried out within the company's functions and processes and are adapted according to changes in the processes.

Through monitoring activities, any aspects of inadequacy or areas for improvement of the ICRMS are identified, in order to further oversee/mitigate the underlying business risks. These aspects are reflected in alignment actions that Management, or the units in charge, define and implement.

Responsibility for the ongoing monitoring of the ICRMS lies with Management (First Line of Control), that verifies the correct identification of and changes in risks over time, as well as the adequacy and functioning of the controls put in place for their oversight.

³ Issued by the Institute of Internal Auditors (IIA)

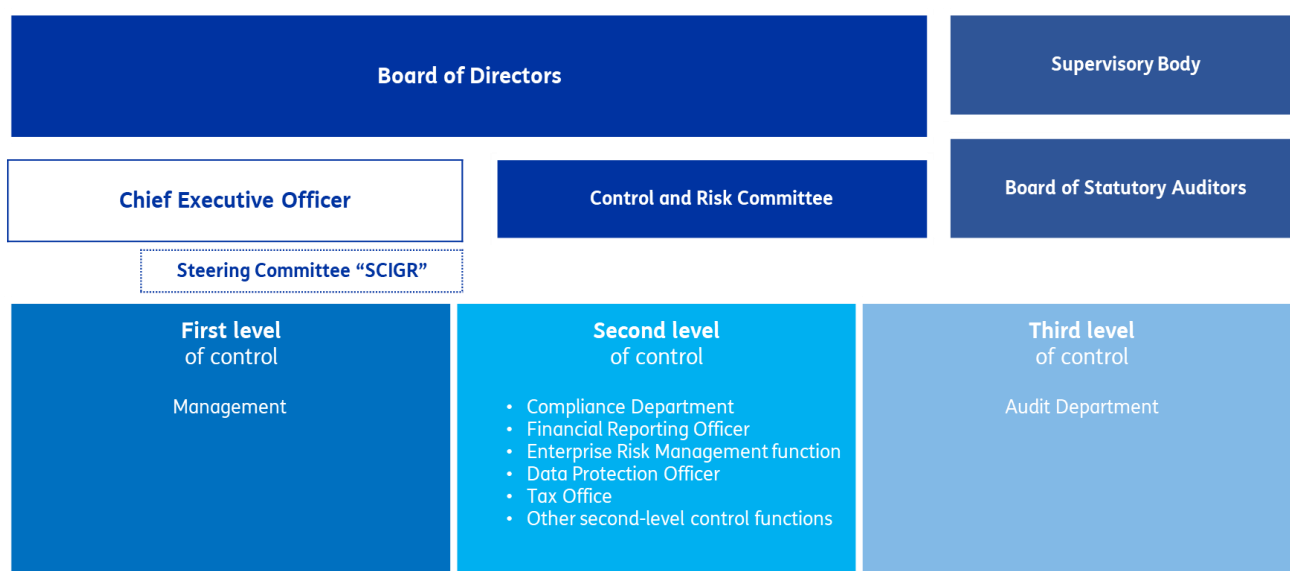
⁴ As regards information flows among the various players of TIM's ICRMS, reference is made to section 5 below "Coordination and information flows among subjects involved in the ICRMS".

Separate assessments *on the other hand*, guarantee autonomy and objectivity, as they are conducted outside the monitored functions. These include:

- Second line of control:
 - assurance activities envisaged in the Compliance Department's plan;
 - audit activities to certify the ABMS to UNI ISO 37001;
 - independent assurance activities regarding the Internal Control System on Financial Reporting pursuant to Law 262/2005;
 - assurance activities regarding the Tax Risk Management and Control System adopted by the Company (Tax Control Framework);
 - assurance activities regarding the TIM Privacy Model.
- Third line of control:
 - audit activities envisaged in the risk-based Internal Audit plan.

3. MAIN PLAYERS IN TIM'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The TIM Group's Internal Control and Risk Management System is an integrated system implemented by different corporate bodies and organisational units, whose members are interdependent and complementary as regards the aims pursued, the characteristics of the system and operating rules. Below is a summary view of the main players in the ICRMS with respect to the Corporate Governance model adopted by TIM and the architecture based on the "Three Lines Model".



3.1 BOARD OF DIRECTORS

The Board of Directors plays a central role within the ICRMS, considering its function of steering and assessing the adequacy of the System. To this end, the Board of Directors, in particular:

- defines these Guidelines for the entire Group, applicable local regulations permitting, assigning the Chief Executive Officer and Financial Reporting Officer to put the Guidelines in place and maintain them, for areas under their responsibility;
- approves the Group's Code of Ethics and Conduct and the Organisation, Management and Control Model pursuant to Legislative Decree 231/01;
- verifies the adequacy, effectiveness and proper functioning of the ICRMS, so that the main business risks are correctly identified, managed and monitored over time, also determining the degree of compatibility of such risks with a business management that is consistent with the strategic objectives identified. To this end, it assesses the adequacy and effectiveness of the ICRMS annually, with respect to the characteristics of the Company and the risk profile undertaken, also considering the outcomes of the assessment carried out by the Audit Department based on contributions received from the other control functions; in this context, it defines the level and type of risk that the company is able to undertake, in line with the strategic objectives pursued in the long term (so-called Risk Appetite);
- establishes the Control and Risk Committee, comprising Board Members, that supports the Board in carrying out assessments and taking decisions relating to the ICRMS, as well as other committees (Nomination and Remuneration Committee, Sustainability Committee and Related Parties Committee) with advisory functions, described in TIM's Corporate Governance Principles and in the specific regulations;
- appoints and dismisses the Heads of TIM's Control Functions (Audit and Compliance), establishing their remuneration, if agreed by the Control and Risk Committee, after consulting the Board of Statutory Auditors, and ensures they have adequate resources to perform their functions;
- approves the Audit Charter, which sets out the aims, powers and responsibilities of TIM S.p.A.'s Audit Department;
- appoints, after consulting the Board of Statutory Auditors, the Manager responsible for preparing the accounting documents of TIM S.p.A., ensuring that the latter has adequate powers and resources to carry out the tasks assigned to him/her by law, and that the administrative and accounting procedures for the preparation of the financial statements and consolidated financial statements, as well as any other financial communication, prepared by the aforesaid Manager are complied with;
- appoints the members of the Supervisory Body pursuant to Legislative Decree 231/2001, having consulted the Control and Risk Committee and the Board of Statutory Auditors;
- approves the Annual Plan of the Compliance Department and the Audit Plan of the Audit Department at least annually, after consulting the Control and Risk Committee;
- examines and approves the draft of the separate and consolidated annual and half-yearly financial statements, and the accompanying management report, drawn up by the Financial Reporting Officer; also approves the company's annual non-financial statement;
- evaluates, after consulting the Board of Statutory Auditors, the results presented by the Independent Auditors in their management letter and in the report on the fundamental issues that emerged during the statutory audit.

In addition, the Chairman of the Board of Directors (if he/she does not have executive duties) acts as interface between the Board of Directors and the Heads of the Control Functions.

3.2 CONTROL AND RISK COMMITTEE

The Control and Risk Committee (CRC), appointed by the Board of Directors, has advisory duties, essentially with the Board of Directors (directly or coordinating with the Chairman of the Board of Directors); it may also issue guidelines and recommendations directly to the Chief Executive Officer or to Management, giving timely notification to the Chairman of the Board of Directors. In particular, its tasks include the following:

- monitor compliance with corporate governance rules, regulatory developments and best practices in the field of controls and corporate governance, also in order to evaluate and propose updates to the Company's and Group's internal rules and practices;

- evaluate the correct use of accounting standards and their consistency for the purposes of preparing the consolidated financial statements, after consulting the Manager responsible for preparing the Company's accounting documents, the statutory auditor and the Board of Statutory Auditors;
- prepare financial and non-financial disclosure for the period, in view of its examination by the Board of Directors;
- assist the Board of Directors in monitoring the adequacy of the powers and resources available to the Financial Reporting Officer, as well as actual compliance with the administrative and accounting procedures;
- express opinions in the cases indicated in section 3.1 above and carry out the additional tasks assigned to it by the Board of Directors, supporting it in carrying out the activities entrusted to it by TIM's Corporate Governance Principles regarding the ICRMS;
- express opinions on specific aspects regarding the identification of main business risks and support the assessments and decisions of the Board relating to the management of risks arising from adverse facts of which the latter has become aware;
- examine the periodic reports prepared by the functions with second-level control duties concerning the identification, assessment, management and monitoring of main business risks;
- monitor the autonomy, adequacy, effectiveness and efficiency of the Internal Audit Function, also with reference to the implementation of the Audit Plan;
- it may instruct the Audit Department to conduct audits on specific operational areas;
- obtain the outcomes of the Audit Department's activities, analysing respective and periodic reports, containing information on the activities carried out by the latter, including the assessment of the internal control and risk management system;
- report to the Board of Directors, at least every six months, on the activities carried out as well as on the adequacy of the ICRMS;
- carry out any additional tasks assigned to it by the Board of Directors⁵.

The Chairman of the CRC is also informed, together with the Chairman of the Board of Directors, the Chief Executive Officer, the Chairman of the Board of Statutory Auditors and the Chairman of the Supervisory⁶, Body, about the start of audits.

In the event that the Chairman of the Board of Directors has an executive role, the President of the CRC liaises between the heads of the control functions and the Board of Directors.

To guarantee adequate coordination among the various bodies and functions involved in the ICRMS, the Chairman of the Board of Statutory Auditors or another standing auditor designated by him participates in the meetings of the Control and Risk Committee; in any case, the other standing Auditors can also attend.

3.3 BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors carries out the tasks assigned to it pursuant to the law (and, in particular, Article 149 of the Consolidated Law on Financial Intermediation (TUF) and Article 19 of Legislative Decree 39/2010), supervising:

- compliance with the law and the bylaws;
- compliance with the principles of sound administration;
- the adequacy of the company's organisational structure for areas under its responsibility, the internal control system and the administrative-accounting system, as well as the reliability of the latter in correctly representing operations;
- the financial reporting process;
- the statutory audit of the annual and consolidated accounts, as well as the independence of the

⁵ Further details on the tasks and operating methods of the CRC are included in the Specific Regulations published on the Company's website.

⁶ With exclusive reference to TIM S.p.A.

independent auditors.

In line with the provisions of the Corporate Governance Code, the Board of Statutory Auditors monitors the effectiveness of the ICRMS and, to this end, is the recipient of the information flows necessary for the exercise of its duties. In this context, the Board of Statutory Auditors:

- may request the Audit Department to promptly prepare reports on events of particular importance;
- receives the Audit Reports as well as the periodic reports prepared by the Audit Department, including the assessment of the internal control and risk management system.

The Chairman of the CRC is also informed, together with the Chairman of the Board of Directors, the Chief Executive Officer, the Chairman of the Control and Risk Committee and the Chairman of the Supervisory Body⁷, about the start of audits.

The Board of Statutory Auditors exchanges information relevant to the performance of its duties with the CRC.

The Chairman of the Board of Statutory Auditors, or any other Statutory Auditor appointed by him from time to time, participates in the work of the CRC and other Board Committees, without prejudice to the right of the other Auditors to participate in meetings.

3.4 SUPERVISORY BODY

The Supervisory Body pursuant to Legislative Decree 231/2001 (hereinafter also the "SB"), appointed by the Board of Directors, performs the following tasks:

- supervises the overall adoption of the 231 Model and its dissemination within the company;
- assesses the adequacy of the 231 Model over time, promoting its updating;
- assesses the actual implementation of the 231 Model, also through a control plan, reporting to the Board of Directors, the CRC and the Board of Statutory Auditors, with a specific half-yearly report, on the outcome of the supervisory activities carried out during the period, with particular reference to monitoring the implementation of the 231 Model and any legal developments regarding the administrative liability of entities. The half-yearly report is also sent to the Chairman of the Board of Directors and the Chief Executive Officer;
- it is the owner of the process to manage whistleblowing regarding TIM S.p.A., subject to the responsibilities and prerogatives of the Board of Statutory Auditors for the reporting addressed to it, including the reports indicated in Article 2408 of the Italian Civil Code;
- receives the Audit Reports, with reference to TIM S.p.A., as well as the periodic reports prepared by the Audit Department, including the assessment of the internal control and risk management system. The Chairman of the SB is informed, together with the Chairman of the Board of Directors, the *Chief Executive Officer*, the Chairman of the CRC and the Chairman of the CS about the start of audits of TIM S.p.A.

The SB periodically liaises with the Board of Statutory Auditors, on a mutually independent basis, in order to exchange information and documents relating to the performance of its duties and to the problems that have emerged as a result of the supervisory activity carried out.

In carrying out its tasks, the SB coordinates with the Audit Department and the Compliance Department for aspects under their responsibility.

In particular, the *Audit* Department supports the SB, through a special Technical Secretarial Team, and carries out a preliminary analysis of reports received (Whistleblowing) and the control activities relating to the Supervisory Plan.

The Compliance Department supports activities to update the 231 Model, the management of ordinary and event-based information flows, training on 231 issues as well as the monitoring of regulatory and legal developments regarding the liability of entities. In this context, the Head of the Compliance Department (Group Compliance Officer) informs the SB about the initiatives taken in this area by the 231 Steering Committee (see section 3.6.1).

⁷ With exclusive reference to TIM S.p.A.

The roles and tasks of the Supervisory Body, as well as the information flows concerning it, are detailed in the 231 Model, to which reference is made.

3.5 CHIEF EXECUTIVE OFFICER

The Chief Executive Officer is appointed as director responsible for establishing and maintaining the Internal Control and Risk Management System, pursuant to Borsa Italiana's Corporate Governance Code and TIM's Corporate Governance Principles .

Specifically, the Chief Executive Officer:

- identifies the main corporate risks, through the Enterprise Risk Management process, with respect to the operating areas covered, taking into account the characteristics of the activities performed by the company and its subsidiaries, and periodically submits them to the Board of Directors;
- implements the guidelines defined by the Board, taking care of the design, implementation and management of the Internal Control and Risk Management System and constantly assesses its adequacy and effectiveness as well as adapting it to the dynamics of operating conditions and the legal and regulatory framework, assisted by the "Internal Control and Risk Management System" Steering Committee (see the next section);
- reports to the Control and Risk Committee on the problems and critical issues that have come to light in performing activities;
- He may also request the Audit Department to carry out audits on specific operational areas and on compliance with the internal rules and procedures in the performance of the company operations, giving notice to the Chairman of the Board of Directors, and the Chairs of the Control and Risk Committee and the Board of Statutory Auditors.
- He is also informed, together with the Chairman of the Board of Directors, the Chairman of the Control and Risk Committee and the Chairman of the Supervisory⁸, Body, about the start of audits.
- receives the Audit Reports prepared by the Audit Department, also for the purpose of implementing actions to strengthen the internal control and risk management system.

3.5.1 "Internal Control and Risk Management System" Steering Committee

The "Internal Control and Risk Management System" Steering Committee assists the Chief Executive Officer in implementing and adopting the guidelines established by the Board of Directors regarding the TIM Group's Internal Control and Risk Management System.

In particular, this Committee, chaired by the Chief Executive Officer and composed of the Heads of the Compliance Department (Group Compliance Officer), the Legal & Tax Function, the Chief Financial Office Function and the Chief Human Resources & Organization Office Function, is tasked with:

- identifying and defining initiatives to develop the ICRMS, in support of a culture geared towards the values of ethics, integrity and compliance with internal and external regulations;
- ensuring the integrated analysis of the results of activities carried out by the Control Functions and all the other Functions that make up the system, in order to support and steer, where necessary, the implementation of planned remedial actions, also taking into account the relevance of the outcomes.

The Head of the Audit Department and the Chief Transformation Officer participate in the Committee's meetings on a permanent basis.

3.6 FIRST LEVEL CONTROL FUNCTIONS - MANAGEMENT

The first level of control is covered by Management, that is primarily responsible for the internal control and risk management activities envisaged at a System level. In this regard, Management is responsible for contributing to the adequacy and effectiveness of the ICRMS, also through the risk assessment, the

⁸ With exclusive reference to TIM S.p.A.

identification of specific improvement actions, the correct performance of activities and also, through the formalization of procedures that govern processes, the establishment of specific control activities, also assisted by functions with second-level control tasks, and monitoring processes suitable to ensure the effectiveness and efficiency of the ICRMS over time.

In addition, *Management* assists the second and third level control functions for the purpose of carrying out assurance activities.

3.6.1 231 Steering Committee

The Company has set up a management committee, called the 231 Steering Committee, composed of the Group Compliance Officer, the Head of the Chief Human Resources & Organization Office Function and the Head of the Legal & Tax Function, in which the Head of the Audit Department participates on a permanent basis.

The purpose of the 231 Steering Committee is to identify areas to improve/supplement the 231 Model and to coordinate the working of the related implementing plans. With reference to the Anti-Bribery Management System (ABMS), the Committee also has responsibility for the functioning of this system, ensuring the definition of initiatives for its effective adoption by the Company Departments concerned.

The Committee meets on a periodic basis and, through the Group Compliance Officer, also advises and informs the Chief Executive Officer, as well as the Board of Directors, through the Control and Risk Committee.

3.7 SECOND LEVEL CONTROL FUNCTIONS

The second level control functions have specific tasks and responsibilities for control over different areas/types of risk. These functions monitor business risks, propose guidelines with reference to the related control systems and assess their adequacy in order to ensure:

- efficient, effective operations;
- adequate control of risks in the conduct of business;
- the reliability of information;
- compliance with laws, regulations and internal procedures.

The functions responsible for these controls are autonomous and separate from the operational functions, and contribute to the process to periodically evaluate the ICRMS, providing the Audit Department with relevant information on the ICRMS and/or judgments of its adequacy with specific reference to areas under their responsibility.

3.7.1 Compliance Department

The Compliance Department has a role of specific importance within the TIM Group's ICRMS, in the prevention of compliance risk, in terms of company activities not complying with applicable regulations.

The Compliance Department, which reports hierarchically to the Board of Directors, is tasked, in risk management, with overseeing the main risk factors of non-compliance with external regulations (statutory regulations) and internal regulations (company procedures) in force, and with supporting top management and other management in defining actions to mitigate these risk factors.

In particular, for the purposes of compliance with financial reporting regulations, the Compliance Department, in accordance with the ultimate responsibility of the Financial Reporting Officer, defines and updates the methodology adopted and monitors the end-to-end process, supervising the design of controls and is in charge of assurance activities (independent tests, follow-up to verify the assessment of remedying control deficiencies) to support the certification process.

In addition, the Compliance Department supports the Supervisory Bodies of national subsidiaries in carrying out the tasks assigned to them.

Lastly, the Compliance Department has the function of overseeing compliance for the prevention of bribery, and is responsible for the implementation and monitoring of the Anti-Bribery Management System within the company and, more generally, its compliance with the requirements of ISO 37001/2016.

3.7.2 Financial Reporting Officer

The Manager responsible for preparing the Company's accounting documents (Financial Reporting Officer), appointed by the Board of Directors after consulting the Board of Statutory Auditors, is one of the main players involved in the functioning of the Internal Control and Risk Management System, as he/she is responsible for:

- the definition of the administrative and accounting procedures necessary to prepare the company's accounting documents and any other financial disclosure as well as their adequacy and actual application;
- the correspondence of the company's accounting documents with accounting records and their suitability to provide a true and fair view of the financial position, performance and cash flows of the Company and Group;
- the completeness of the contents and in general compliance with regulations applicable to the financial statements;
- the preparation of the draft separate and consolidated annual and half-yearly financial statements, and the accompanying management report, and, in general, of the accounting documentation to be submitted to the Board of Directors for its review and approval.

In this regard, a specific certificate is issued, also to the Chief Executive Officer, attached to TIM's financial statements and to the annual consolidated financial statements and the condensed consolidated half-yearly financial statements.

The Financial Reporting Officer reports to the Board of Directors, to the Control and Risk Committee and - for areas under his/her responsibility - to the Board of Statutory Auditors, in relation to the functions and responsibilities of his/her position.

3.7.3 Planning and control

The Chief Financial Officer ("CFO"), in addition to holding the position of Financial Reporting Officer, ensures, also through a dedicated organisational unit, second-level control activities relating to the monitoring of the financial position and performance of the company and the TIM Group.

In particular, the CFO performs the following main tasks:

- defines policies, guidelines, procedures and tools to support the planning and control process as well as economic/financial monitoring activities;
- ensures economic and financial planning and control activities, identifying any significant deviations and suggesting possible corrective actions to achieve the defined objectives as well as monitoring economic and financial risks;
- prepares periodic reports for top management, as well as the CRC, the Board of Statutory Auditors and the Board of Directors of TIM on the economic and financial performance and on the operations of TIM and the Group, for subsequent communication to the market.

3.7.4 Enterprise Risk Management Function

The Enterprise Risk Management Function, reporting to TIM's CFO, plays a role in disseminating and adopting the ERM methodology within the Group, in order to identify, assess, treat and monitor the risks impacting the business and supports Risk Owners (responsible for risk management) in defining and implementing mitigation actions. Specifically, this Function:

- assesses the overall risk profile of the Company and assists in defining the nature and level of risk compatible with the Company's strategic objectives and its implementation (Risk Appetite);
- coordinates the process to identify, assess, treat and monitor TIM's risks;

- periodically reports on TIM's main risks and related treatment plans to the CRC and the Chief Executive Officer, as well as to the other control and supervisory bodies, where requested;
- promotes the dissemination of a risk management culture at all company levels, aimed at contributing to the development and sharing of principles, behaviour and attitudes according to a risk-based approach;
- supports the integration of the ERM process into main business processes (e.g. Internal Audit, strategic planning, etc.) and participates in the identification and assessment of risks related to investment operations;
- provides technical and methodological support to the ERM Steering Committee.

3.7.4.1 ERM Steering Committee

The purpose of the ERM Steering Committee is to ensure the governance of the Group risk management process, coordinating the plan of preventive actions designed to ensure the operational continuity of the Business and monitoring the effectiveness of countermeasures adopted. The ERM Steering Committee is chaired by the Head of the Chief Financial Office Function and is also composed of the Head of the Legal and Tax, and Chief Human Resources and Organization Office Functions, the Compliance Department, and the Chief Consumer, Small & Medium Market Office, Chief Network, Operations & Wholesale Office, Chief Enterprise and Innovative Solutions Office and Enterprise Risk Management Functions. The Head of the Chief Financial Office Function, as Chairman of the ERM Steering Committee, ensures information flows to the Group's top management, the Audit Department, the Control and Risk Committee, the Board of Statutory Auditors and to the "Internal Control and Risk Management System" Steering Committee.

3.7.5 Data Protection Officer

TIM's Data Protection Officer (DPO) is appointed by resolution of the Board of Directors and has the task of supporting management in the development and implementation of policies, procedures, controls and safeguards with reference to privacy issues. In particular, the DPO performs the following main tasks:

- ensures the monitoring of legal developments regarding privacy, by informing the data controller and data processors (respectively "Data Controller" and "Data Processors") about the same, also ensuring the compliance of company procedures and documentation with legislation;
- defines the privacy guidelines for all Group companies;
- if requested, provides opinions on the data protection impact assessment and verifies the compliance;
- guarantees the correct information and application of regulations in TIM, together with the competent company Functions;
- ensures oversight of relations with the Data Protection Authority;
- acts as a company contact for data subjects, regarding any problem related to the processing of their data or the exercise of their rights;
- periodically reports to top management and corporate bodies, if necessary, on the main aspects relating to the processing of personal data, as well as all events relevant to the Company regarding privacy (e.g. inspections of the Data Protection Authority, Data Breaches, etc.).

3.7.6 Tax Office

TIM has adhered to the standard tax regime governed by Articles 3 and following of Legislative Decree no. 128 of 5 August 2015. Consequently, TIM has adopted and implemented a Tax Governance Model, of which the Tax Risk Internal Control and Risk Management System (SCIGRTax) is a part, functional to an effective and efficient tax risk control system.

The Tax Office function's primary focus is on the corporate governance of tax issues, and the identification, assessment, management and monitoring of tax risk.

In particular, the Tax Office Function (through the Tax Officer or functional reporting positions):

- is informed of strategic decisions and participates in the operational and financial planning process;
- receives information flows from the Owner Functions of the planning and implementation of:
 - ✓ M&As (e.g.: acquisitions, mergers, demergers, etc.);
 - ✓ changes in the organisational structure;
 - ✓ significant new processes with implications in terms of tax compliance;
 - ✓ intercompany agreements, even if stipulated between residents;
 - ✓ economic agreements with various counterparties (customers, suppliers, employees, other subjects);
- is constantly informed of the results of the controls by various internal and external control bodies, of TIM and the Group Companies;
- receives the minutes of the Board of Directors on a quarterly basis.

In addition, the Tax Officer supports the Head of the Legal and Tax Function in ensuring the flow of information to the Control and Risk Committee and to the Board of Directors, with reference to tax-relevant issues and tax risks (including events and/or processes) that may arise.

3.7.7 Other second-level control measures

TIM has set up other second-level control measures, which manage and monitor specific business risks related to the Group's operations (such as, for example, risks regarding occupational health and safety pursuant to Legislative Decree 81/2008, IT and/or cyber security risks, fraud risks, etc.), defining guidelines on the related control systems and verifying their adequacy through monitoring activities in order to ensure, among other things, adequate risk control, reliability of information, compliance with laws, regulations and internal procedures.

3.8 THIRD LEVEL CONTROL FUNCTION – AUDIT DEPARTMENT

TIM's Audit Department as a third-level control function, carries out independent assurance⁹ and advisory¹⁰ activities aimed at improving the effectiveness and efficiency of the ICRMS as a whole.

The Head of the Audit Department, reporting hierarchically to the Board of Directors, and on its behalf to the Chairman, is not responsible for any operational area and ensures that the Internal Control and Risk Management System is functioning, adequate and consistent with the guidelines defined by the Board of Directors.

The Audit Department operates on the basis of a mandate ("Audit Charter"), approved by the Board of Directors of TIM, which defines its role and responsibilities, in line with the corporate governance principles of the TIM Group and with international standards for the professional practice of internal auditing. As mentioned above, audit activities are conducted with full organisational independence, free from interference in defining the scope, in the performance of activities and communication of the results.

More specifically, the Audit Department:

- monitors, both on a continuous basis and in relation to specific needs and in compliance with international audit standards, the functioning and suitability of the ICRMS, through an audit plan

⁹ Objective assessment of evidence by auditors to make judgments or conclusions about an organisation, activity, function, process, system or other.

¹⁰ Advisory activities within the internal control and risk management system, generally carried out by defining the nature and extent of the assignment, with the internal client.

based on a structured risk assessment process. On an annual basis, this Plan is submitted to the Board of Directors for approval, after presentation and discussion with the Control and Risk Committee, after consulting the Chairman, the Chief Executive Officer and the Board of Statutory Auditors;

- assesses any updates to the Audit Plan for emerging risks and considers - for “off-plan” initiatives - the inputs received from the corporate bodies and top management, reports received or significant events or other inputs obtained during the year, reporting significant changes in the Plan to the entities referred to in the previous section;
- conducts audits during the year and the ongoing monitoring of corrective actions and follow-up, in order to assess developments in and the consolidation of the ICRMS regarding the areas audited;
- is the owner for managing activities relating to whistleblowing reports, as provided for by the 231 Model and corporate implementing procedure adopted at Group level.

The Head of the Audit Department prepares periodic reports containing information on the activities carried out and their results, as well as on the remedial plans adopted at company level in order to overcome the deficiencies identified at ICRMS level. These reports, as well as the Audit Reports, are sent to the CRC, the Board of Statutory Auditors, the Chairman of the Board of Directors, the Chief Executive Officer and the SB¹¹.

As part of the reports prepared, it submits an assessment of the overall suitability of the ICRMS (see the next section) to the Board of Directors, on a half-yearly basis, after evaluation by the CRC and the Board of Statutory Auditors and after informing the Chairman of the Board of Directors and the CEO.

The Head of the Internal Audit Function normally participates in the meetings of the CRC, the SC and the "Internal Control and Risk Management System" Steering Committee.

4. THE PROCESS OF ASSESSING THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

In compliance with the requirements of the Corporate Governance Code, TIM has defined the overall process to assess the Internal Control and Risk Management System, governed by the Control and Risk Committee, which provides preliminary support for the assessments and decisions of the Board of Directors relating to the ICRMS.

The Board of Directors expresses an overall assessment on the basis of the feedback received as a result of activities carried out during the period, as well as information relevant for the ICRMS provided by the entities concerned (Assurance Providers). The process takes place every six months. Specifically:

- in the period from July to August, the CRC, on the basis of the draft Report presented by the Audit Department, submits the assessment proposal, containing an analysis of the ICRMS and an "Interim" Overall Opinion based on relevant information flows (see annex 1) available with reference to the first half of the year, to the Board of Directors;
- in the period from February to March, the CRC, on the basis of the draft Report presented by the Audit Department, submits its assessment, containing a detailed analysis of all the components of the ICRMS and an Overall Opinion, based on the complete set of information flows and annual reports (see annex 1) to the Board of Directors.

4.1 PLAYERS INVOLVED IN THE ASSESSMENT PROCESS

- The **Board of Directors** defines the guidelines for the Internal Control and Risk Management System. In addition, it approves the "Report for the purposes of assessing the adequacy of activities carried out and the adequacy of the ICRMS" prepared every six months by the CRC.

¹¹ Reporting to the SB refers to TIM S.p.A.

- The **Control and Risk Committee** supports the Board of Directors in preliminary activities relating to the process to assess the Group's ICRMS and prepares a proposal for an overall assessment of its suitability in the "Report for the purposes of assessing the adequacy of activities carried out and the adequacy of the ICRMS" (with the operational support of the Audit Department).
- The **Chief Executive Officer**, as part of tasks assigned for the design, development and management of the ICRMS and for constantly verifying this system's adequacy and effectiveness, provides feedback to the CRC on TIM's ICRMS.
- The **Audit Department** is responsible for providing operational support to the Control and Risk Committee and consequently to the Board of Directors, for the purposes of the overall assessment of the ICRMS, thus carrying out preliminary activities, also collecting information useful for assessing the ICMS from additional TIM Assurance Providers, for areas under their responsibility.
- The **Assurance/info providers** are the corporate entities involved in the assessment process. They represent the corporate entities with specific tasks for the Internal Control and Risk Management System (e.g. first and second levels of control), that report on the assurance activities carried out every six months or annually, providing information relevant to the Group's ICRMS and expressing, where required and within their area of responsibility, an assessment of its adequacy. By way of example, these are the following: Financial Reporting Officer, Group Compliance Officer; Supervisory Body; Tax Office; Data Protection Officer; HSE; Enterprise Risk Management; etc.

4.2 PRELIMINARY ACTIVITIES AND REPORT OF THE AUDIT DEPARTMENT

The Audit Department starts the process to audit the ICRMS every six months, consistently with company deadlines for approving the financial statements (half-yearly and annual).

To this end, it:

- receives reports from assurance and info providers containing summaries of the assurance activities carried out during the reference period and/or the main relevant information and evaluations, under their responsibility, supporting the adequacy assessment of TIM's ICRMS (see annex 1);
- consolidates and evaluates from an integrated perspective the contributions of the assurance/info providers and the results of audit activities carried out during the year;
- prepares a summary report of the main elements relevant to TIM's Internal Control and Risk Management System, expressing its own assessment of the adequacy of this system;
- sends the Report to the CRC, the SC, the SB, the CEO and the Financial Reporting Officer and Board of Directors.

The Control and Risk Committee:

- having seen and reviewed the information received from Assurance Providers,
- considering the Report received from the Audit Department,
- after consulting with the Chief Executive Officer,

concludes the preliminary activities, reporting the outcomes to the Board of Directors, so that the latter can express its overall assessment of the adequacy and effectiveness of TIM's Internal Control and Risk Management System in the reference period.

5. COORDINATION AND INFORMATION FLOWS AMONG SUBJECTS INVOLVED IN THE ICRMS

In addition to the methods of interaction already described in the previous paragraphs, TIM's internal regulatory framework provides for information flows among the various players of the ICRMS, and namely:

- from line management to second-level control functions;
- between second-level control functions;
- from second-level functions and Management to the Administration and Control Bodies;
- between/from the Administration and Control Bodies.

In this context, in particular, two main moments of coordination and interaction between the control functions are envisaged, also through the adoption of the management committees described above:























1. *coordination during the planning of annual activities*: the corporate control functions hold preliminary coordination meetings during the planning of activities, to ensure adequate monitoring of the main business risks, enabling, where possible, synergic operations and the identification and effective management of overlapping areas, avoiding redundancies and diseconomies;
2. *periodic updates on assessments/measurements of risks and the adequacy of controls*: the corporate control functions provide for specific coordination moments for the exchange of information on the results of their activities and assessments of the functioning of the ICRMS, as well as related improvement actions planned/adopted. To this end, specific periodic information flows have been defined, as described in the previous section of this document (see also annex 1), in order for the Board of Directors to issue its opinion on the suitability.

6. IMPLEMENTATION METHODS AT SUBSIDIARIES

To ensure the proper functioning of the ICRMS, in line with the management and coordination activities carried out by TIM, the administrative bodies of the subsidiaries ensure that the Internal Control and Risk Management System is promptly aligned with these guidelines, taking into account the size, complexity of the activities carried out, the specific risk profile of the company concerned and the related regulatory context.

ATTACHMENT 1: FLOWS ENVISAGED TO SUPPORT THE ICRMS ASSESSMENT

Below is a summary of the main corporate entities (assurance providers or info providers) that produce, on a half-yearly and/or annual basis, reports containing summaries of the assurance activities carried out during the reference period and/or the main relevant information and evaluations, under their responsibility, supporting the adequacy assessment of TIM's ICRMS prepared by the Audit Department.

KEY:   RECURRING Flows  "AD HOC" flows, only in the presence of material elements			
SENDER	INFORMATION FLOWS	FREQUENCY	
		Half-yearly	Annual
Corporate Affairs	Information on any material changes in Corporate Governance (e.g. amendments to the Regulations of the Control Bodies)		
Supervisory Body	Report on activities carried out in the areas of compliance (231) and Whistleblowing		
Compliance Department	Report of the Compliance Department (including the ICRMS assessment for areas under its responsibility), on activities carried out in particular in the field of Legislative Decree 231/01, Privacy, Law 262/05 and financial reporting, Anti-bribery area – ISO 37001, HSE, information systems		
Data Protection Officer	Report of the activities carried out (e.g. verification activities, DPIA activated, any data breaches, management of particular requests from interested parties and the Supervisory Authority, etc.)		
	Any information on events related to the Privacy model that may be relevant for the purposes of the ICRMS assessment		
Financial Reporting Officer	Certification of the Manager responsible for preparing the Company's accounting documents, pursuant to Article 154-bis		
External Auditor	Report on the Financial Statements issued by the Statutory Auditor		
Legal &Tax	Report on the state of the art of TIM's Tax Risk ICRMS and the results of activities carried out, including an assessment of the Tax ICRMS		
	Any information on significant events impacting the Tax Risk ICRMS or organisational and internal regulatory developments that may be relevant for the purposes of the ICRMS assessment		
HSE	Final document containing, for areas under responsibility, the summary of the main activities carried out during the year, any relevant regulatory changes, trends in accident statistics and the status of the implementation of any defined action plans		
	Information on the trend of accident statistics, with any points of attention relating to significant critical events or significant deviations versus historical trends (e.g. accidents and near misses)		
HR	Information on the main organisational initiatives (at Management level) that took place during the year, with a summary of the rationale/purpose of the changes		
	Information on the main initiatives for the regulatory and procedural framework (Policies, Procedures) carried out during the year, which had a significant impact on the internal control system of TIM and strategic companies		
IT	Information on the main activities carried out in the field of Information Systems, considered relevant for the purposes of the Internal Control and Risk Management System (e.g. Cyber, Digital Transformation, strengthening of automatic controls to support processes, etc.,)		

SENDER	INFORMATION FLOWS	FREQUENCY	
		Half-yearly	Annual
Enterprise Risk Management	<ul style="list-style-type: none"> • Enterprise Risk Assessment report on the Business Plan • Report on the structure, levels and results of Risk Appetite/Tolerance monitoring (including the Risk assessment of Tenders and Strategic Investment projects) 		●
Security	Information on the main events/issues relevant to Cyber Security, ICT Risk management, Business Continuity, Fraud Management and Physical Security	○	●
Audit Function TIM SA (Brazil)	Certification of the assessment of TIM BRASIL's ICRMS	●	●
Audit Department	<ul style="list-style-type: none"> • Final report on the control activities carried out (e.g. results of audit activities, main findings, follow-up, monitoring), also with reference to the 231 Supervisory Plan • Final report on the management of reported information (e.g. number of reports received; management status; main outcomes of investigations and action plans, etc.) 	●	●