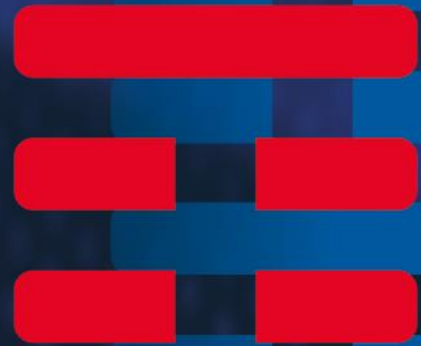




LA FORZA DELLE CONNESSIONI

Report on the remuneration  
policy and compensation  
paid  
**2023**



Pursuant to art. 123-ter 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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# Letter from the Chairman of the Nomination and Remuneration Committee



Paola Bonomo

Chairman of the nomination and remuneration Committee

Dear Shareholders,

As Chairman of the Nomination and Remuneration Committee of TIM, I am happy to present you with the Report on the remuneration policy for 2023 and on the compensation paid in 2022 with reference to Directors, Statutory Auditors and Key Managers with Strategic Responsibilities.

The Committee undertaking was based on dialogue with the stakeholder world and constant respect for transparency and disclosure, consistent with the Governance model adopted by the Company and the recommendations of the Corporate Governance Code.

The activities of the Nomination Committee, following the process that led to Pietro Labriola being appointed as Chief Executive Officer on 21 January 2022, focused on the careful monitoring of the company's succession policies, with a strong focus on the quality and effectiveness of the replacement Tables prepared by management, and on the management of the preliminary processes in order to identify candidates for the appointment of two directors co-opted by the Board pursuant to Article 2386 of the Italian Civil Code to replace those who resigned during the year, and some directors and statutory auditors in strategic subsidiaries.

The Remuneration Committee activities were to consolidate and strengthen the incentive system in order to attract, motivate and retain management, starting from in-depth benchmarking with peer policies and listening to market expectations.

The remuneration policy drawn up for 2023 aims to strengthen the link between remuneration and performance and is closely linked to the Strategic Plan and its development objectives, thus creating for the first time, in the LTI proposal, an alignment with the delayering plan presented to the market on the Capital Market Day of 7 July 2022.

While maintaining the continuity of the architecture set up, for the first time the short-term incentive system sees the introduction of a partial deferral and co-investment mechanism, consistent with the Corporate Governance Code recommendations and the most advanced practices.

With regard to the long term, the new 2023-2025 Plan intends to promote both the effective implementation in the three-year period of the delayering plan - overcoming vertical integration and undertaking to reduce leverage, and maintenance of a sustainable capital structure - and the focus on challenges faced by the single Business Units already identified at organisational level and on achievement of their specific objectives, improving the organic performance in each of the businesses in portfolio.

The 2023 policy also confirms the Company's undertaking to pursue sustainability goals by including them in the short- and long-term incentive systems.

While thanking my colleagues on the Committee for their work, I hereby submit the 2023 Remuneration Policy for your consideration, trusting in your support and adherence.

Paola Bonomo  
Chairman of the nomination and remuneration Committee

## Introduction

This 2023 Report on the Remuneration Policy and Compensation Paid (the “Report”), approved by the Board of Directors at the proposal of the Committee, illustrates:

- in the first section, the Remuneration Policy adopted for 2023 by TIM S.p.A. for the remuneration of Directors, Statutory Auditors and Key Managers with Strategic Responsibilities, and also the procedures used for the adoption and implementation of this policy;
- in the second section, the implementation of remuneration policies and remuneration paid in 2022.

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

The report is introduced by an Executive Summary which briefly outlines the pillars of the 2023 Remuneration Policy, the alignment of the Remuneration Policy with the corporate strategy and, finally, the trend of the shareholders’ meeting voting results on Section I of the Remuneration Report over the last 5 years.

This Report is made available to the public so that the Shareholders’ Meeting, called to approve the financial statements for FY 2022, may express its opinion on the first and second section, in accordance with the provisions of current legislation.

# Executive Summary

A summary of the 2023 Remuneration Policy is set out below.

TIM's Remuneration Policy supports the achievement of the objectives set out in the 2023-2025 Strategic Plan ("the Plan") and a focus on the different business sectors by ensuring the necessary levels of company competitiveness on the labour market, promoting the alignment of management interests with the goals of creating value for shareholders and a sustainable success for the company in the long term.

The remuneration structure provides for a balance between the monetary component of remuneration (fixed and variable remuneration) and the enhancement of the non-monetary component (benefits and welfare), with a view to pursuing sustainable results over time.

## What we do

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

## What we don't do

- Salary levels above market benchmarks
- Variable remuneration for non-executive directors
- Variable remuneration not linked to performance
- Benefits of excessive value.

## New compared to 2022

- 2023 short-term incentives:
  - ❖ proposal to introduce an equity co-investment mechanism and its deferral for the CEO, the First Line and holders of key positions
  - ❖ possibility to suspend/cancel the accrued bonus (with the exception of the CEO) in the event of serious shortcomings arising from audits, financial reporting controls and the organisational model pursuant to Legislative Decree no. 231/2001
  - ❖ for the CEO and the First Line, application of a "Gate" target to all incentive objectives net of the ESG component. For the others incentivised, the Gate condition for the entire incentive is exceeded.
- Proposal to launch a new long-term, share-based incentive plan for the 2023-2025 three-year period:
  - ❖ based on performance shares for all recipients
  - ❖ focus, for the Chief Executive Officer and a limited number of Executives, on objectives consistent with the layering model, which rewards overperformance
  - ❖ division of recipients into 4 salary clusters.

\*\*\*\*\*

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

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

the key elements of which are summarised below.

| Remuneration Element                   | Aims and features  | Description   | Economic Value   |
|--|--|---|--|
| Fixed Remuneration                     | Appreciate the breadth and strategic nature of the role held, attract and retain resources of high managerial ability, anchoring value to the reference market.  | <p>For 2023, the intention is confirmed of progressively aligning individual positions (commensurate with the responsibilities assigned, the role covered and the managerial ability) with market references, determined on the basis of periodic benchmarks, carried out with Peer Groups differentiated according to the role covered:</p> <ul style="list-style-type: none"> <li>for the CEO, with a TLC Industry Peer Group and a FTSE MIB Peer Group</li> <li>for the Chairman, the Board of Directors, the Board Committees and the Board of Statutory Auditors, with a FTSE MIB Peer Group that, in addition to that used for the CEO, also includes some financial companies</li> <li>for Executives with Strategic Responsibilities, reference is made to the Korn Ferry remuneration surveys.</li> </ul>  | <p><b>Chairman:</b> €600,000 gross per year.</p> <p><b>CEO / General Manager:</b> €1,400,000 gross per year.</p> <p><b>Key Managers with Strategic Responsibilities (KMSRs):</b> commensurate with the role performed, with reference to the market median.</p>  |
| Short Term Variable Remuneration (MBO) | <p>Support achievement of annual company results, through the articulation of challenging, cross-organisational objectives, ensuring medium to long-term sustainability and <b>greater alignment between the interests of management and creating value for shareholders.</b></p> <p>The target value of the bonuses is commensurate with the fixed component, according to proportions that vary according to the role covered.</p> | <p><b>Co-investment:</b> payment of 25% of the MBO bonus in shares for a selected part of Executives (CEO, First Line and key position holders) is introduced in 2023. A 12-month lock-up of the shares foreseen from finalisation of the MBOs (net of the "sell to cover" right for payment of taxes due) and, at the end of the lock-up, attribution of a Bonus Share in the ratio of 1 out of 4 subscribed shares depending on the degree of achievement of the Group's Equity Free Cash Flow parameter.</p> <p><b>Performance GATE:</b> in 2023, the Group EBITDA objective is confirmed for the CEO and First Line (including Managers with Strategic Responsibilities) as "Gate", to be applied to 78% of the objectives scorecard, thus excluding the ESG objective.</p> <p>For other incentivised persons, the Gate condition to the entire incentive is exceeded.</p> <p><b>CEO/General Manager objectives</b></p> <ul style="list-style-type: none"> <li>TIM Group Ebitda (Gate for 78% of the scorecard)</li> <li>TIM Group Equity Free Cash Flow</li> <li>TIM Group Net Financial Position</li> <li>TIM Group Service Revenues</li> <li>Compliance with undertakings as part of the National Strategic Pole and the National Recovery and Resilience Plan (NRRP)</li> <li>ESG Objectives (Customer Satisfaction Index, Young Employee Engagement, % Women in Middle Management)</li> </ul> <p><b>KMSR Objectives:</b></p> <p>In addition to the economic and financial objectives, there are specific objectives relevant to individual duties and responsibilities, as well as the ESG objective (Customer Satisfaction Index, Young Employee Engagement, % Women in Middle Management).</p> | <p><b>Chairman:</b> not specified.</p> <p><b>CEO / General Manager:</b> gross value at target equal to 100% of Fixed Remuneration.</p> <p><b>KMSRs:</b> gross value at target equal to 50% of Fixed Remuneration.</p> <p><b>Pay-out levels:</b></p> <ul style="list-style-type: none"> <li>Minimum: 50% of target</li> <li>Target: 100% of target</li> <li>Maximum: 150% of target</li> </ul> <p><b>Compliance:</b> overcoming the previously envisaged payout demultiplier mechanism and introduction, as of 2023, of a procedure to assess significant shortcomings resulting from audits, from the control system on financial reporting (Law 262/2005) and from the organisational and management model pursuant to Legislative Decree 231/2001. The shortcomings detected may result in the suspension/cancellation of the MBO bonus for the individuals involved. The procedure does not apply to the CEO.</p> |



| Remuneration Element            | Aims and features  | Description   | Economic Value   |
|---------------------------------|--|---|--|
| Long term variable remuneration | The long-term variable component of the remuneration is aimed at achieving alignment between the management's interests and those of shareholders in the long term, through participation in the business risk.  | <p><b>LTI 2023-2025:</b> equity plan, 100% Performance.</p> <p><b>Vesting period:</b> three years (01/01/2023-31/12/2025)</p> <p><b>Lock-up period:</b> 2 years, on 50% of the Performance Shares accrued at the end of the three-year period.</p> <p><b>Performance conditions:</b> these are differentiated by cluster based on the role held by recipients:</p> <ul style="list-style-type: none"> <li>Relative TSR (60%), Group Equity Free Cash Flow (20%) and Domestic Group ESG indicators (20%) for CEO and First Line</li> <li>Group Equity Free Cash Flow (80%)/Domestic Group ESG Indicators (20%) or Group Equity Free Cash Flow (20%)/Business Unit EBITDA- CAPEX (60%)/Business Unit and Domestic Group ESG Indicators (20%) for other recipients depending on the scope assigned.</li> </ul> <p>There is a multiplication factor for payout in the case of overperformance measured on the share price for the related TSR objective.</p> <p>In addition, the three-year incentive cycle 2021-2023 regarding the 2020-2022 LTI Plan (see 2020 Report on Remuneration) and the 2022-2024 Stock Option Plan (see 2022 Report on Remuneration) are also active.</p> | <p><b>Chairman:</b> not provided for</p> <p><b>Chief Executive Officer:</b> the target value of the pay opportunity is 125% of the fixed remuneration, with pay-out:</p> <ul style="list-style-type: none"> <li>Minimum: 75%</li> <li>Target: 125%</li> <li>Maximum: 175% (250% for TSR alone, in case of overperformance).</li> </ul> <p><b>KMSRs:</b> the target value of the pay opportunity is 100% of the fixed remuneration. The pay-out levels are:</p> <ul style="list-style-type: none"> <li>Minimum: 50%</li> <li>Target: 100%</li> <li>Maximum: 130% (165% for TSR alone, in case of overperformance).</li> </ul> |
| Severance and Non-Competition   | It regulates the indemnity to be paid in the event of early termination of the directorship or termination of employment, in the absence of just cause for dismissal.  | The severance clause may be accompanied by a non-competition clause, depending on the importance and strategic nature of the role held, for a maximum period of one year calculated on the fixed remuneration.  | <p><b>Chairman:</b> not provided for</p> <p><b>Executive Directors:</b> not exceeding 24 months' remuneration.</p> <p><b>KMSRs:</b> treatments envisaged by the law and the national collective employment agreement.</p>  |
| Clawback                        | Contractual mechanism allowing for the recovery of variable remuneration in the event of wilful or grossly negligent conduct or in the event of an error in the formulation of the figure which has led to a restatement of the financial statements. It can be activated within 3 years of disbursements. |   | It applies to all executive that qualify as beneficiaries of variable incentives.  |
| Benefits and Welfare            | Services offered to all (welfare) or in relation to the role covered (benefits) that increase the well-being of the individual and his or her family in economic and social terms.   | Benefits and welfare services are defined in substantial continuity with last year's policy.  | <p><b>Chairman:</b> not provided for</p> <p><b>Chief Executive Officer/General Manager and KMSRs:</b> beneficiaries, in the same way as the rest of management.</p>  |

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

# Alignment of remuneration policy and corporate strategy

The Strategic Plan targets a return to growth in revenue and margin terms. Despite a context showing a downturn in macroeconomic trends and an extremely competitive telecommunications market, with one of the most stringent regulatory frameworks in Europe.

The 2023-2025 Plan develops in continuity with the previous plan ('22-'24) and defines a value creation path based on refocusing priorities for each business unit, transforming processes to significantly improve efficiency and productivity, and regaining a leadership role in the sector and as a company able to seize new growth and development opportunities.

At the same time, the Plan identifies actions and strategic options to reduce debt in a structural manner, by optimising resources and with financial discipline, and by outlining an articulated “delaying” plan.

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

The “delaying” model means creating business units focused on the Consumer and Small & Medium Business, Enterprise and Wholesale markets. A profound transformation for greater focus and efficiency, better allocation of investments and increased attractiveness in specific target markets.

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

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

The Company's growing commitment to sustainability issues has been consistently applied in the remuneration policy of the last few years: the presence of targets linked to the impact of the company's activities on the environment, customer satisfaction and employee engagement in the short- and long-term incentive systems has been confirmed for 2023, together with the goal of reducing the gender gap.

## Remuneration Policy and employee working conditions

The remuneration policy guidelines also take the working conditions of employees into account.

Agile Working, with application so widespread and accelerated during the COVID-19 emergency period (there are 31,000 employees working from home today), is progressively orienting TIM people towards a cultural change that favours and encourages sustainability and work-life balance, based on an alternating office/remote organisational model characterised by the application of desk-sharing criteria.

The recent November 2022 agreement aims to maximise the effects in terms of environmental sustainability and social responsibility by ensuring the organisational effectiveness of the solutions adopted with a focus on team synergy.

In the new agile working model, for resources under 35, for staff belonging to specific structures and/or with technical-organisational needs or to experiment new activities, work performance can be modulated with greater flexibility by planning more agile working days than the average 2 days per week provided for in the agreement.

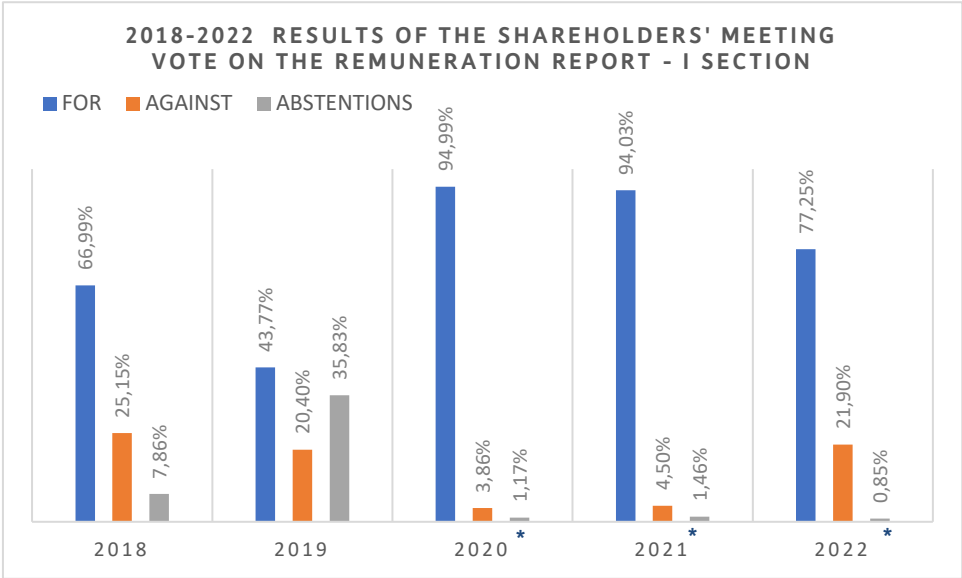
In addition, specific needs that may arise at different times of a working life, such as maternity and paternity, prevention of discomfort or difficult health situations, will be handled with special care and respect.

Launched at the beginning of the year, the new “Apprendo” training plan aims to support the company's transformation process and ensure the necessary professional development. The plan, designed to guarantee maximum flexibility for each employee to choose the type of courses to be taken, refers to 4 skill areas (technological, transversal, ecosystem and professionalising) among those considered central to the industrial plan issues, organisational development and for Telco companies such as TIM and ICT companies.



# Outcome of the votes on the Remuneration Report

Below are the results of the votes on the Remuneration Report - Section I, in 2018 - 2022, calculated on the shares for which a vote was cast.



\*Binding vote on section I of the Report

Shares for which a vote was cast

| 2018   | 2019   | 2020   | 2021   | 2022   |
|--------|--------|--------|--------|--------|
| 65,16% | 67,01% | 65,09% | 58,84% | 57,76% |

In 2022, the proposed policy was not as appreciated as in the two previous years. The main concerns expressed by shareholders, together with the results of the ongoing dialogue with the investor community and the main proxy advisors during the year and during the Board's work to prepare the 2023 proposal, have been taken into the utmost account in order to design the remuneration policy presented in this document in line with investor expectations for the future.

# SECTION I - 2023 REMUNERATION POLICY

## PARTIES INVOLVED AND PROCEDURES USED IN THE REMUNERATION PROCESS

### Introduction

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

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

To this end, the remuneration Policy is illustrated in the first section of the "Report on remuneration policy and remuneration paid", which must be made available to the public for the 21 days preceding the date of the annual shareholders' meeting called to approve the financial statements for the year (Article 123-ter, subsection 1, of Legislative Decree no. 58/1998, Consolidated Law on Finance or "CLF").

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

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

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

### Subjects involved

The remuneration policy involves the following bodies.

## SHAREHOLDERS' MEETING

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

## BOARD OF DIRECTORS

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

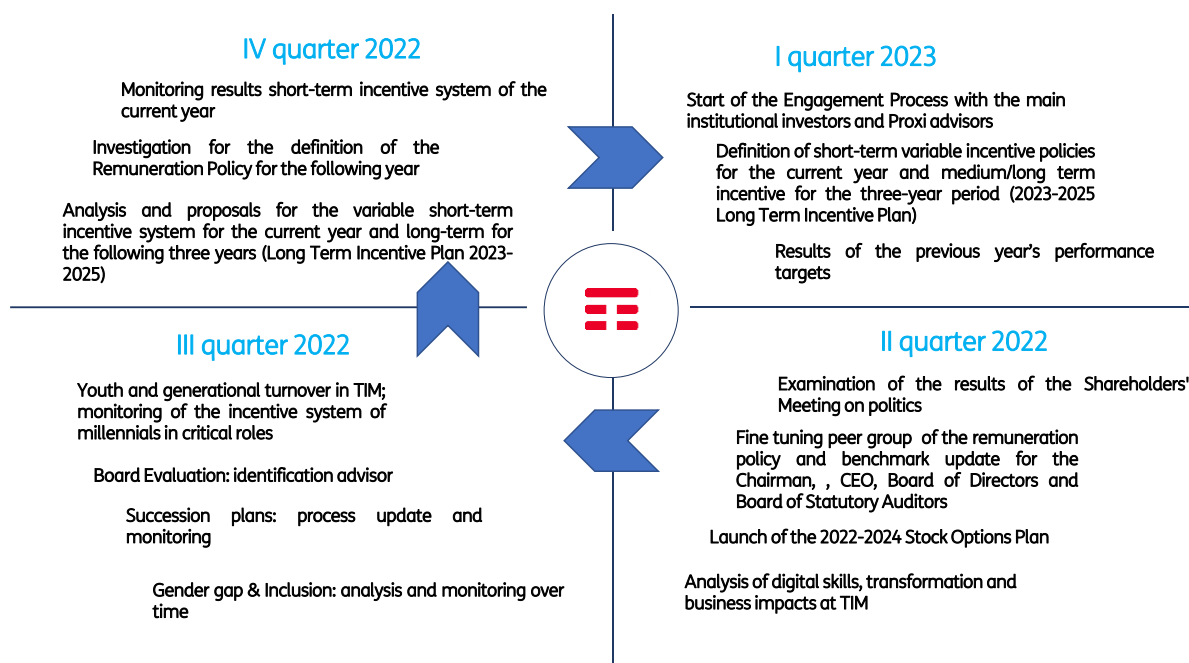
In order to ensure that the decisions taken regarding remuneration are appropriately investigated, the Board of Directors avails itself of the support of the nomination and remuneration Committee.

## NOMINATION AND REMUNERATION COMMITTEE

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

For the composition, specific activities and operating procedures of the Committee, please refer to the provisions of its Rules of Procedure, available at [www.gruppotim.it](http://www.gruppotim.it) About Us section, Governance Tools-Regulations channel.

Below is the cycle of activities that have characterised the Committee's work during 2022 and during the first months of 2023:



## BOARD OF STATUTORY AUDITORS

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

## 2023 POLICY DEROGATION PROCEDURE

### Introduction

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

### Scope of application

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

### Mechanisms

It is possible to provide for:

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

### Process

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

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

# 2023 REMUNERATION POLICY TOOLS AND GUIDELINES

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

The 2023 remuneration policy aims to:

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

Definition of the policy is supported by the analysis of market practices in terms of both remuneration levels and the composition of remuneration packages, taking as reference both companies in the Telco sector at an international level (*peer Group Industry TLC*) and Italian companies comparable in terms of size and/or stock market capitalisation (*peer Group FTSE MIB*). In June 2022, the nomination and remuneration Committee defined the following panels of companies for the role of CEO and General Manager and for that of Chairman of the Board of Directors, for the purposes of market benchmarking:

| CEO PEER GROUP INDUSTRY TLC |                 | CEO PEER GROUP FTSE MIB |                    |
|-----------------------------|-----------------|-------------------------|--------------------|
| BT Group                    | Telefonica      | CNH Industrial          | Prysmian           |
| Deutsche Telekom            | Telekom Austria | Enel                    | Snam               |
| Koninklijke KPN             | Telenor         | Eni                     | STMicroelectronics |
| Orange                      | Telia Company   | Leonardo                | Terna              |
| Swisscom                    | Vodafone Group  | Nexi                    |                    |

| CHAIRMAN PEER GROUP FTSE MIB * |                    |
|--------------------------------|--------------------|
| Banco BPM                      | Nexi               |
| BPER Banca                     | Poste Italiane     |
| CNH Industrial                 | Prysmian           |
| Enel                           | Snam               |
| Eni                            | STMicroelectronics |
| Generali                       | Terna              |
| Intesa San Paolo               | Unicredit          |
| Leonardo                       | Unipol             |

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

With regard to the **CEO role**, the FTSE MIB peer group is substantially in line with 2022 (net of Atlantia, delisted in December 2022) and consists of companies comparable to TIM in size, managerial complexity and strategic management terms.

The Industry TLC peer group, on the other hand, includes European telco companies, comparable to TIM in terms of business type, level of internationalisation, size, managerial complexity and strategic management. With respect to 2021, Iliad was excluded from the reference panel following the delisting of the company and Telekom Austria was added to the basket.

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

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

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

After illustrating the mechanisms for implementation of market remuneration benchmarks, the components of individual remuneration are analysed below:

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

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

## FIXED REMUNERATION

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

The need to ensure economically sustainable business management determines the selectivity of salary increases, which – in continuity with the previous year – will concern cases of high-quality resources and misalignment with the reference market.

For 2023, orientation to gradually align individual positioning to market practices is confirmed in different ways, focussing - in the cases of high seniority resources, strong market exposure, relevance of the position held and strategic know-how - also concerning Managers with Strategic Responsibilities - on the average values of the reference market.

In line with the company's current orientations, a special focus on Millennials and the gender pay gap is confirmed.

## SHORT TERM VARIABLE REMUNERATION

The 2023 Short-Term Variable Incentive System is in substantial continuity with previous years, with some refinements described below:

- the presence of an incentive Gate objective, consisting of the Group EBITDA indicator, is confirmed for the CEO and First Line - to be applied to all objectives net of the ESG component. For the rest of the incentivised population, the Gate objective of the entire incentive is exceeded, while maintaining the EBITDA indicator among the corporate objectives
- a share co-investment mechanism is introduced, which establishes for the CEO and a selected portion of Executives (First-Line and key position holders), payment of 25% of the MBO bonus in shares; the shares thus purchased have a lock-up of 12 months from allocation (net of the right to “sell to cover” for the payment of taxes due). It is also envisaged that a Bonus Share be allocated free of charge in the ratio of 1 for every 4 shares subscribed at the end of the lock-up period and depending on the attainment of the Group Equity Free Cash Flow 2023+2024 parameter at Target
- the possibility to suspend/cancel payment of the MBO bonus (with the exception of the CEO) in certain cases is envisaged: in fact, the demultiplier mechanism of the payout linked to the failure to implement corrective actions/remediation plans defined with the Control Departments is superseded. At the same time a procedure is implemented to assess significant shortcomings resulting from audits, from the system for internal control over financial reporting pursuant to Law 262/200 and from the organisational and management model pursuant to Legislative Decree 231/2001. This establishes, when significant shortcomings occur, the partial or total suspension of the MBO bonus for those involved, assessment of implementation of remedial actions within the deadlines indicated by the Control Departments, and following this, disbursement or final cancellation of the amount previously suspended.



## ARCHITECTURE

The set of objectives breakdowns as follow:

- business objectives of an economic-financial nature
- Department/Company objectives
- Environmental, Social & Governance objective, consisting of sub-objectives.

With respect to 2022, objectives related to implementation of the undertakings with reference to tenders awarded to the Company under the National Recovery and Resilience Plan and the National Strategic Pole are introduced, in addition to the main corporate indicators of an economic-financial nature.

## OBJECTIVES

For the CEO and First line, including Managers with Strategic Responsibilities, TIM Group's EBITDA objective is the Gate objective for 78% of the entire incentive.

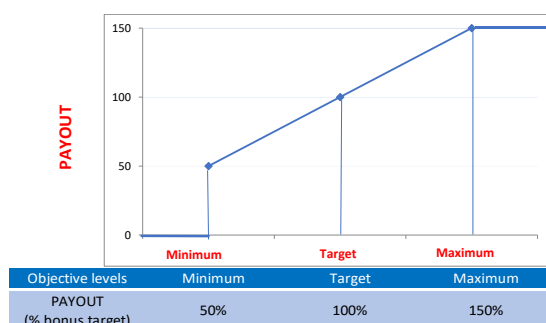
For the rest of the incentivised population, the TIM Group EBITDA objective, while still part of the set of macro-economic objectives assigned to each recipient, is no longer the Gate objective. The other macro-economic objectives are Equity Free Cash Flow, Group Net Financial Position and Tim Group Services Revenues. The set of department objectives is consistent with the perimeters managed.

Lastly, for 2023 the ESG objective is confirmed with an overall weight of 22 per cent, and includes a gender gap indicator:

- Customer Satisfaction Index (10%), with a demultiplying factor of the payout (malus), consisting of the % of “detractors”, reducing the premium by up to 50%.
- Young Employee Engagement (6%)
- % of Women Heads (6%).

## PAYOUT SCALE

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



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

## CLAWBACK

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

## MBO SUSPENSION/CANCELLATION

In order to strengthen Management culture and sensitivity for the Company's internal control and risk management issues, a procedure for assessing significant shortcomings resulting from audits, the control system on financial reporting pursuant to Law 262/2005 and the organisational and management model pursuant to Legislative Decree 231/2001 will be introduced in 2023. Upon the occurrence of significant shortcomings, this procedure establishes the partial or total suspension of the MBO bonus for those involved (with the exception of the CEO), assessment of the implementation of remedial actions within the deadlines indicated by the Control Departments, and following this, disbursement or final cancellation of the amount previously suspended.

This applies to Managers with Strategic Responsibilities, with the exception of the Chief Executive Officer, and to all other managers covered by the incentive scheme.

## CO-INVESTMENT

In order to promote greater alignment between the interests of management and the value creation for shareholders objective, payment of 25% of the MBO bonus in shares for a selected part of Executives (CEO, First Line and holders of key positions) is introduced as of 2023. A lock-up of 12 months following allocation is envisaged for those shares remaining after exercising the sell to cover option for payment of the taxes due.

At the end of the lock-up period, one Bonus Share will be allocated for every four Shares acquired, depending on how far the Group's target 2023+2024 Equity Free Cash Flow objective is achieved.

## OPTION TO PAY THE PREMIUM TO FONTEDIR

Also in 2023, the possibility is envisaged for executives to opt between paying the accrued bonus on a payroll and paying the amount – all or part of it – to the Fontedir supplementary pension fund, thereby benefiting from more favourable contribution treatment, at no additional cost to the Company.

For further details please refer to the information document on the initiative available at the link [Information Document MBO 2023](#).

## LONG TERM VARIABLE REMUNERATION

The Shareholders' Meeting held on 7 April 2022 approved the Board proposal to supersede the 2020-22 Long-Term Incentive Plan and replace the allocation under the third 2022-22 LTI cycle with the 2022-2024 SOP Plan, allocating a maximum number of 257,763,000 ordinary shares to service the Plan.

The underlying Stock Option Plan philosophy is to incentivise management in pursuit of the challenging objectives of the turnaround process - irrespective of the strategic evolution of the TIM Group - through recognition of a significant portion of any value created through this process.

The Strategic Plan presented to the market during the Capital Market Day of 7 July 2022 presents important discontinuities and defines clear medium to long term objectives. In particular, the Plan envisages overcoming the vertical integration model by considering the possibility of separating fixed network infrastructure assets (NetCo) from services (ServCo with TIM Consumer, TIM Enterprise and TIM Brasil), illustrating for each entity the market context, business perimeters and strategic activities, and the ways in which they could compete in their respective markets in order to generate more value.

Following the definition of clear objectives linked to the strategic evolution and in order to create adequate management commitment on those defined for the various businesses, the Board of Directors deemed it appropriate to propose launching an "ordinary" LTI Plan in line with the most common market practices, envisaging both the involvement of the CEO and a limited number of managers on the delayering project (Total Shareholder Return objective), and involvement of other managers focused on the objectives of single Business Units.

At the Shareholders' Meeting of 20 April 2023, considering the changes in the scenario, the proposal is to launch a new Long-Term Plan for the 2023-2025 three-year period with the following main features.

### BENEFICIARIES OF THE PLAN

The Plan is addressed to the Chief Executive Officer, Top Management and a selected number of executives with key roles in achieving the objectives of the Strategic Plan. The recipients - whose total number is up to approx 140 executives - are distributed, in addition to the CEO, in three pay opportunity brackets related to the contribution and impact of their role on the company's strategic objectives.

### ARCHITECTURE OF THE PLAN

- **Type:** equity, closed
- **Instruments:** Performance Share
- **Vesting period:** three-years
- **Lock-up Period:** 2 years, for 50% of the Performance Shares remaining after exercising the sell to cover option for payment of the taxes due.
- **Performance conditions:** the set of objectives is differentiated based on the role held and the scope of activities. It consists of both equity and industrial targets, and ESG parameters. In particular:
  - ❖ CEO and First Line (where Managers with Strategic Responsibilities are also located):
    - Relative TSR (60%), for minimum level, target, maximum/share price for maximum level and overperformance
    - Group Equity Free Cash Flow (20%)
    - % of women among Group Managers and Middle Managers - Domestic (10%)
    - % of renewable energy in the Group - Domestic (10%)
  - ❖ Other recipients with a role in Corporate Departments
    - Group Equity Free Cash Flow (80%)
    - % of women among Group Managers and Middle Managers - Domestic (10%)
    - % of renewable energy in the Group - Domestic (10%)
  - ❖ Other managers located in Business Units:
    - Group Equity Free Cash Flow (20%)
    - Business Unit Ebitda - Capex (60%)
    - % of women among Managers and Middle Manager Heads of Business Units (10%)
    - % renewable energy in the Group - Domestic (10%).

Relative TSR is measured against the Industry TLC peer group consisting of: BT Group, Swisscom, Deutsche Telekom, Telefonica, Telekom Austria, Telenor, Koninklijke KPN, Telia Company, Orange, Vodafone Group.

#### PAY OPPORTUNITY AND SHARE VALUE

Beneficiaries are allocated a number of shares proportional to their gross annual remuneration or the average per bracket, based on the following scheme:

- CEO: compared to gross annual remuneration, minimum 75%, target 125%, maximum 175%; TSR objective provides for a 250% payout in the event of overperformance
- Managers with Strategic Responsibilities: compared to gross annual remuneration, minimum 50%, target 100%, maximum 130%; TSR objective provides for a payout of 165% in the event of overperformance
- Select group of managers holding important positions: compared to the average gross annual pay in the bracket to which they belong, minimum 37.5%, target 75%, maximum 112.5%
- Group of other managers: compared to the average gross annual pay in the bracket to which they belong, minimum 25%, target 50%, maximum 75%.

For the last two groups, allocation of the TSR objective is not envisaged: for this group a uniform number of shares is therefore allocated.

The share value used to decide the quantities per cluster is €0.27; this is the average of the share prices recorded on the stock market in the period from 14 January 2023 to 13 February 2023. The number of Performance Shares to be allocated to the Beneficiaries will correspond to the quotient between pay opportunity and the value of €0.27, rounded down.

#### CLAWBACK

The 2023-2025 LTI Plan provides for application of the clawback clause to all recipients.

#### SPECIAL CONDITIONS

Accelerated vesting for the Plan is also envisaged, with change in control, delisting of TIM S.p.A., a successful takeover bid (with double trigger): the shares would accrue immediately, subject to verification of the level of performance achievement with respect to the vesting period elapsed, by repartitioning the relative targets.

Full vesting is proposed because the Board of Directors believes that any *pro-rata temporis* vesting may unintentionally create, especially if a limited time has elapsed since Plan approval, an incentive for management not to support outcomes aligned with the best interests of Shareholders.

For beneficiaries belonging to Business Units destined to be incorporated into separate companies, if the latter are listed, the Board of Directors envisages the possibility to transform the TIM shares into shares of the respective Newco(s).

For further details please refer to the information document on the initiative available at the link [LTI Plan 2023-2025 Information Document](#)

### STANDARDISATION OF THE OBJECTIVES OF VARIABLE INCENTIVE SCHEMES

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

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

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

## SEVERANCE AND NON-COMPETITION PACKAGES

In the light of best practices regarding “Termination Provisions” for the office as Director of Executive Directors, it is company policy that the severance indemnity, in the event of early termination without just cause, is equal to the compensation that would have been paid at the end of the mandate, with a maximum of 24 months of remuneration. For the whole of the company management team, including Key Managers with Strategic Responsibilities, severance payment packages established by law and the National Collective Employment Agreement are provided for, with a maximum of 24 additional monthly payments.

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

## CLAWBACK

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

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

## BENEFITS AND WELFARE

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

- the **benefits** are non-monetary assets and services made available to beneficiaries, depending on the role they hold, and aim to improve their well-being (check-ups, loans, mixed-use cars, mobile phones).
- **welfare** is the set of non-monetary goods and services made available to the entire company population regardless of the position held, aimed at increasing the individual and family well-being of employees (personal services, coverage of health expenses, supplementary pensions, insurance policies).

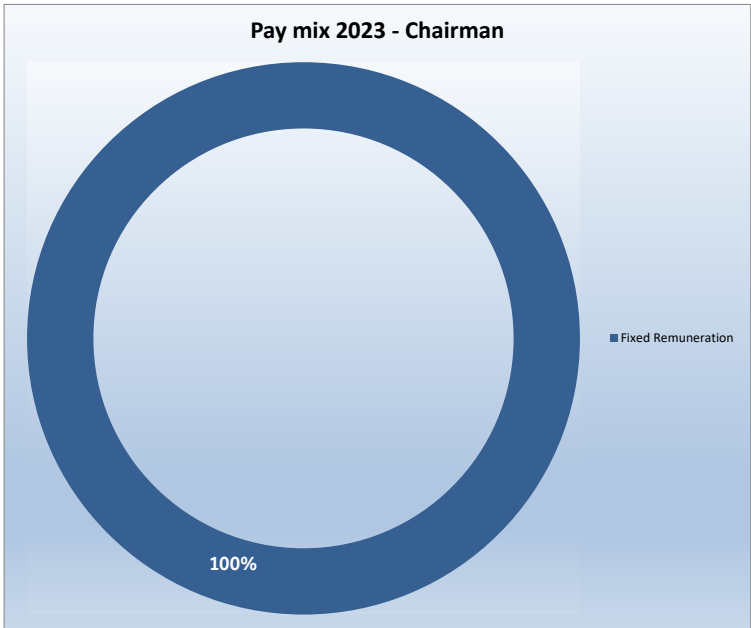
# REMUNERATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS, THE CHIEF EXECUTIVE OFFICER AND KEY MANAGERS WITH STRATEGIC RESPONSIBILITIES

## REMUNERATION OF THE NON-EXECUTIVE CHAIRMAN

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

- **Fixed component**  
The fixed remuneration for the duties of Chairman is set at the gross sum of 600,000 euros per annum. The Chairman does not receive any remuneration for the office of Director or his membership of the Sustainability Committee (pursuant to Art. 2389, subsection 1 of the Italian Civil Code).
- **Variable component**  
The Chairman is not entitled to any form of variable remuneration, either short or long term.
- **Severance**  
There is no severance payment planned.
- **Benefits**  
The Chairman is not a recipient of benefits but receives reimbursement of expenses incurred in the performance of his duties, in accordance with the Bylaws.

The pay mix for 2023 is shown below:



## CHIEF EXECUTIVE OFFICER'S REMUNERATION

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

- **Fixed component**

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

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

- **Short term variable component**

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

The Board of Directors decided on the following incentive objectives for the 2023 MBO, as proposed by the Nomination and Remuneration Committee and in line with the overall architecture of the plan:

| Objectives  | Weight | Min vs Tgt  | Target  | Max vs Tgt                                 |
|---|--------|---|---|--|
| Tim Group Ebitda<br>(78% GATE, net of ESG)  | 30%    | -5%   | budget  | +5%  |
| Tim Group Equity Free Cash Flow   | 23%    | the gaps min vs tgt and max vs tgt are in accordance with the economic, -financial target ranges that generate cash flows |   |  |
| Tim Group Net Financial Position  | 15%    | +2,5%   | Budget  | -2,5%                                      |
| Compliance with commitments expected by PSN (2%)<br>e<br>NRRP "Gara 1 Giga " (3%)   | 5%     | -26%<br>(Revenues)<br><br>25%<br>coverage<br>within the<br>next two<br>milestones<br>(without penalty)                    | Target<br>(Revenues)<br><br>25%<br>coverage by<br>a later<br>milestone<br>(without penalty) | + 11%<br>(Revenues)<br><br>25%<br>coverage |
| Tim Group Services Revenues   | 5%     | -2%   | Budget  | +2%  |
| ESG KPI's:<br>• Customer Satisfaction Index (10%)<br>• Young Employee Engagement (6%)<br>• % Female Managers (6%):<br>➢ NETCO (45,9%)<br>➢ CONSUMER (41,5%)<br>➢ ENTERPRISE (12,6%) | 22%    | -0,5%<br>-1p<br><br>-1,6%<br>-1,6%<br>-1,6%   | Target<br>Target<br><br>Target<br>Target<br>Target  | +1%<br>+1p<br><br>+1,6%<br>+1,6%<br>+1,6%  |

Compared to the architecture of previous years, the EBITDA indicator is retained as one of the corporate objectives and as the Gate for 78% of the objectives, net of ESG.

In addition, a demultiplier factor of the payout (malus) linked to the % of "detractors" is introduced, to be applied to any premium accrued for the Customer Satisfaction objective; as a result of the malus, this premium may be reduced by up to 50%.

In addition, in order to promote greater alignment between management interests and creating value for shareholders, 25% of the MBO bonus will be paid in shares as of 2023. A 12-month lock-up of the shares is envisaged after the MBOs are finalised (net of the "sell to cover" right for payment of taxes due) and, at the end of the lock-up, the allocation of a Bonus Share in the ratio of 1 for every 4 shares purchased depending on achievement of the Group's Target 2023 + 2024 Equity Free Cash Flow parameter.



- **Long term variable component**

**2022-2024 SOP Plan**

The Chief Executive Officer is a beneficiary of the 2022-2024 Stock Option Plan described within the 2022 Report on Remuneration.

For further details please refer to the information document on the initiative available at the link [SOP 2022-2024 Information Document](#).

**2023-2025 LTI Plan**

The Chief Executive Officer is a beneficiary of the 2023-2025 LTI Plan previously described.

The number of performance shares attributed to targets is 6,481,481 and the set of objectives attributed is shown in the table below:

| Objectives   | Peso | Min vs Tgt         | Target                 | Max vs Tgt  | Overperformance                   |
|--|------|--------------------|------------------------|---|-----------------------------------|
| Relative TSR (vs 10 peer INDUSTRY TLC) *   | 60%  | Ranking median     | Ranking upper quartile | 1 <sup>st</sup> place or share price = «sum of the parts»** | Share price > Sum of the parts ** |
| Group Equity Free Cash Flow  | 20%  | -12%               | Target                 | +12%  |                                   |
| ESG KPI:<br>• % female managers at the end of 2025 – Group Domestic (10%)<br>• % Renewable energy at the end of 2025 – Group Domestic(10%) | 20%  | -5%<br>Target 2023 | Target<br>Target 2024  | +5%<br>Target 2025  |                                   |

\* BT Group, Swisscom, Deutsche Telekom, Telefonica, Telekom Austria, Telenor, Koninklijke KPN, Telia Company, Orange, Vodafone Group

\*\* based on the target price identified by Goldman Sachs assuming full implementation of the Business Plan with a 'sum of the parts' approach.

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

Overperformance will be recognised in the case of the share price higher than the Sum of the parts, even in the case of a relative TSR not achieved at the minimum level.

- **Severance**

In accordance with the policy, if Directorship should terminate without just cause or resignation for just cause prior to its natural expiry, or in the event of a change of control (i.e. any extraordinary transaction that entails a change in the control of the Company pursuant to Article 2359 of the Italian Civil Code), an indemnity equal to the remuneration due for the office until the mandate's natural expiry, with a maximum of 24 months' salary (calculated as the sum of the fixed component and the MBO) is payable.

With respect to termination of the employment contract by the Company in the absence of just cause or resignation for just cause or in a change of control (i.e. any extraordinary operation that entails a change in control of the Company pursuant to Article 2359 of the Italian Civil Code), severance indemnity established by law and by the Collective Employment Agreement, with recognition of an additional 24 months' pay is established.

With regard to the 2023-2025 LTI Plan, in the event of premature death or the end of a continuous relationship due to (i) retirement, (ii) total and permanent invalidity, (iii) placement outside the Group, for any reason whatsoever, of the company with which the Beneficiary has an employment/collaboration relationship; (iv) termination by mutual consent (excluding, however, cases of voluntary resignation), the rights, in a number reduced in proportion to the portion of the incentive cycle that has already elapsed, shall remain subject to accrual (therefore without any acceleration in vesting period), as long as the interruptive event occurs after 1 January 2024.

- **Clawback**

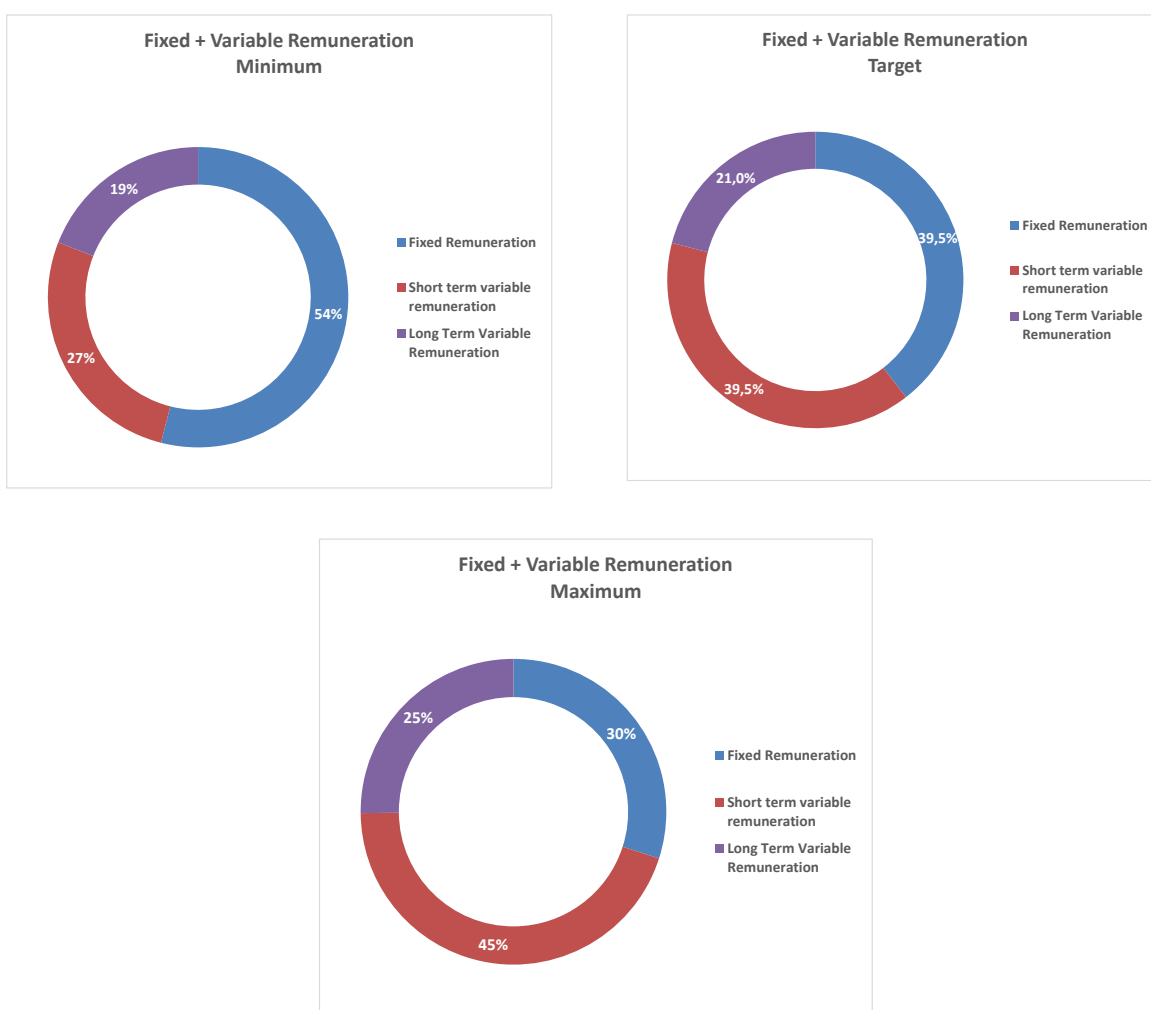
A clawback clause shall apply to the variable component of remuneration, as per policy.

- **Benefits and Welfare**

In relation to the managerial role, the Chief Executive Officer enjoys the benefits specified for the management of the Company (health insurance cover through the TIM Group Executive supplementary healthcare assistance; supplementary pension cover through membership of the TIM Group Executive complementary pension fund; insurance cover for work-related and non-work-related accidents, life and invalidity benefit due to illness; a company car for mixed use; check-up). The “professional risk policy” taken out by the Company and covering all Directors & Officers also applies to the Chief Executive Officer. In addition, housing costs at the place of work will be covered for the entire duration of the contract.

- **Pay Mix**

The pay mix for 2023 is shown below. The percentages indicated alternatively assume the disbursement of the minimum, target and maximum value for both the short-term incentive scheme – MBO – and the long-term incentive scheme. Whereas for the Stock Option Plan, the options rights were valued on an annual basis assuming the fair value of the share as at 4 May 2022<sup>1</sup>, the new 2023-2025 LTI Plan is valued on an annual basis based on the expected pay opportunity for the minimum, target and maximum level, respectively (considering the assumption of overperformance of the TSR objective).



<sup>1</sup>Fair value of €0.02 as at 4 May 2022, the date on which TIM's Board of Directors resolved to launch the plan, following approval by the Shareholders' Meeting of 7 April.

## REMUNERATION OF MANAGERS WITH STRATEGIC RESPONSIBILITIES

The following are the names of Key Managers with Strategic Responsibilities in the period 2022-2023:

| <i>Directors:</i>                               |   |
|---|---|
| <b>Pietro Labriola</b>                          | Managing Director and Chief Executive Officer of TIM S.p.A.<br>General Manager <sup>1</sup> |
| <i>Executives:</i>                              |   |
| <b>Giovanna Bellezza</b>                        | a.i. Human Resources, Organization & Real Estate <sup>2</sup>                               |
| <b>Adrian Calaza Noia</b>                       | Chief Financial Office <sup>3</sup>   |
| <b>Mr Paolo Chiriotti</b>                       | Chief Human Resources & Organization Office <sup>4</sup>                                    |
| <b>Simone De Rose</b>                           | Procurement <sup>5</sup>  |
| <b>Stefano Grassi</b>                           | Security <sup>6</sup>   |
| <b>Alberto Mario Griselli</b>                   | Diretor Presidente of TIM S.A. <sup>7</sup>   |
| <b>Massimo Mancini</b>                          | Chief Enterprise Market Office  |
| <b>Giovanni Gionata<br/>Massimiliano Moglia</b> | Chief Regulatory Affairs Office   |
| <b>Agostino Nuzzolo</b>                         | Legal & Tax   |
| <b>Claudio Ongaro</b>                           | Chief Strategy & Business Development Office <sup>8</sup>                                   |
| <b>Elisabetta Romano</b>                        | Chief Network, Operations & Wholesale Office <sup>9</sup>                                   |
| <b>Giovanni Ronca</b>                           | Chief Financial Office <sup>10</sup>  |
| <b>Andrea Rossini</b>                           | Chief Consumer, Small & Medium Market Office <sup>11</sup>                                  |
| <b>Eugenio Santagata</b>                        | Chief Public Affairs & Security Office <sup>12</sup>  |
| <b>Elio Schiavo</b>                             | Chief Enterprise and Innovative Solutions Office <sup>13</sup>                              |
| <b>Stefano Siragusa</b>                         | Chief Network Operations & Wholesale Office <sup>14</sup>                                   |

<sup>1</sup> from 27 November 2021 General Manager TIM S.p.A. and from 21 January 2022 also Chief Executive Officer of TIM Group

<sup>2</sup> until 29 March 2022

<sup>3</sup> from 1 March 2022

<sup>4</sup> from 30 March 2022; until August 2022 the department was called Chief Human Resources, Organisation, Real Estate & Transformation Office, from August to October 2022 Chief Human Resources, Organisation & Real Estate

<sup>5</sup> from 1 February 2022; from 7 December 2021 - interim manager in the same position

<sup>6</sup> until 9 April 2022

<sup>7</sup> from 1 February 2022; previously this position was held by Pietro Labriola

<sup>8</sup> from 1 February 2022; from 7 December 2021, responsibility was ad interim

<sup>9</sup> from 3 August 2022

<sup>10</sup> until 28 February 2022

<sup>11</sup> from 21 February 2022

<sup>12</sup> from 9 April 2022

<sup>13</sup> from 16 May 2022

<sup>14</sup> until 3 August 2022

The structure of the compensation package for Key Managers with Strategic Responsibilities, excluding the Chief Executive Officer, for 2023, is as follows:

- **Fixed component**

The guideline for 2023 is to keep remuneration in line with market median, with selective criteria for adjusting fixed remuneration.

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

The annual incentive plan for 2023, with a target pay opportunity equal to 50% of fixed remuneration, is in line with those of past years, save a few changes outline below:

- the EBITDA indicator is confirmed as the Gate objective, limited to financial and department objectives (78%)
- the distribution of objectives is differentiated based on the perimeter managed
- the presence of a gender gap objective within the overall ESG indicator is confirmed and a demultiplying factor of the payout (malus) linked to the % of “detractors” is introduced, to be applied to any premium accrued for the Customer Satisfaction objective; because of the malus, this premium may be reduced by up to 50%
- the procedure for assessment of the significant shortcomings described above is applicable; it establishes the possibility to partially or totally suspend and possibly cancel the MBO bonus of the persons concerned.
- investment in TIM shares of 25% of the bonus accrued in 2023 has been introduced, with a lock-up period of 12 months from assignment (net of the "sell to cover" right for the payment of taxes due); 12 months after purchase of the shares, the free assignment of 1 share (bonus share) for every 4 shares purchased is envisaged, depending on achievement of the Group's Equity Free Cash Flow objective 2023+2024 at Target. Further details on the co-investment mechanism can be found under Co-investment.

Below are the reference objectives diagrams:

#### Chief Enterprise & Innovative Solutions Office

| Objectives   | Weight |
|--|--------|
| Tim Group Ebitda (78% GATE, net of ESG)  | 25%    |
| Tim Group Equity Free Cash Flow  | 23%    |
| Compliance with commitments expected by PSN (2,5%) and NRRP “Piano Scuole e Sanità connesse” (2,5%)  | 5%     |
| Segment Ebitda   | 15%    |
| Segment Service Revenues   | 10%    |
| ESG KPI's: <ul style="list-style-type: none"> <li>• Customer Satisfaction Index (10%)</li> <li>• Young Employee Engagement (6%)</li> <li>• % Female Managers (6%)</li> </ul> | 22%    |

#### Chief Network, Operations & Wholesale Office

| Objectives   | Weight |
|--|--------|
| Tim Group Ebitda (78% GATE, net of ESG)  | 25%    |
| Tim Group Equity Free Cash Flow  | 23%    |
| Compliance with commitments expected by NRRP “Gara 1 Giga “  | 20%    |
| Ebitda NOW   | 5%     |
| New generations network development: <ul style="list-style-type: none"> <li>• FTTH % coverage (2,5%)</li> <li>• Number of 5G layers (2,5%)</li> </ul>                        | 5%     |
| ESG KPI's: <ul style="list-style-type: none"> <li>• Customer Satisfaction Index (10%)</li> <li>• Young Employee Engagement (6%)</li> <li>• % Female Managers (6%)</li> </ul> | 22%    |

#### Chief Consumer, Small & Medium Market Office the CEO

| Objectives   | Weight |
|--|--------|
| Tim Group Ebitda (78% GATE, net of ESG)  | 25%    |
| Tim Group Equity Free Cash Flow  | 23%    |
| Segment EBITDA   | 10%    |
| Segment Services Revenues  | 10%    |
| Consumer & SMB Average Customer Base fixed & mobile  | 10%    |
| ESG KPI's: <ul style="list-style-type: none"> <li>• Customer Satisfaction Index (10%)</li> <li>• Young Employee Engagement (6%)</li> <li>• % Female Managers (6%)</li> </ul> | 22%    |

#### Other departments reporting directly to

| Objectives   | Weight |
|--|--------|
| Tim Group Ebitda (78% GATE, net of ESG)  | 25%    |
| Tim Group Equity Free Cash Flow  | 23%    |
| Function specific targets *  | 30%    |
| ESG KPI's: <ul style="list-style-type: none"> <li>• Customer Satisfaction Index (10%)</li> <li>• Young Employee Engagement (6%)</li> <li>• % Female Managers (6%)</li> </ul> | 22%    |

\*including “Compliance with commitments expected by PSN and NRRP”

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

- **Long-Term Variable Component**

Managers with Strategic Responsibilities are the recipients of the 2021-2023 LTI Plan described in the 2020 Report on Remuneration, and the 2022-2024 Stock Option Plan, described in the 2022 Report on Remuneration.

### LTI 2023-2025

The Key Managers with Strategic Responsibilities were beneficiaries of the 2023-2025 LTI Plan previously described. The set of objectives attributed is the same as for the Chief Executive Officer.

The total number of performance shares allocated to targets is 20,444,442 and the set of objectives is the same as that of the Chief Executive Officer.

- **Severance and Non-Competition Package**

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

If employment should terminate without a just cause for dismissal or - for certain resources - in a change of control (i.e. any extraordinary operation entailing a change in the control of the Company pursuant to Article 2359 of the Italian Civil Code), the Chief Executive Officer shall be responsible for identifying the resources that - due to their importance and strategic nature - may receive severance pay, which may be associated with a non-competition agreement, depending on the importance and strategic nature of the role held, for a maximum period of one year calculated on the fixed remuneration.

With regard to the 2023-2025 LTI Plan, in the event of premature death or the end of a continuous relationship due to (i) retirement, (ii) total and permanent invalidity, (iii) placement outside the Group, for any reason whatsoever, of the company with which the Beneficiary has an employment/collaboration relationship; (iv) termination by mutual consent (excluding, however, cases of voluntary resignation), the rights, in a number reduced in proportion to the portion of the incentive cycle that has already elapsed, shall remain subject to accrual (therefore without any acceleration in vesting period), as long as the interruptive event occurs after 1 January 2024.

- **Benefits & Welfare**

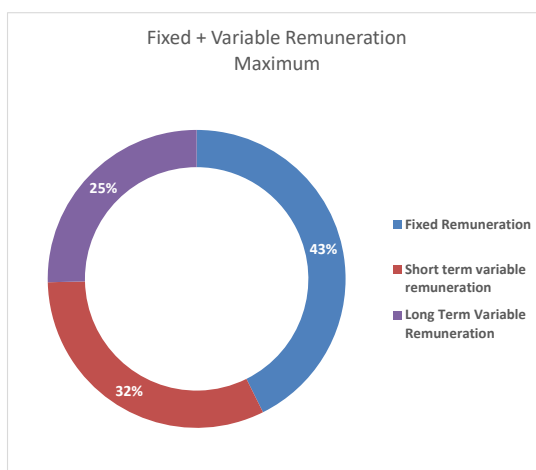
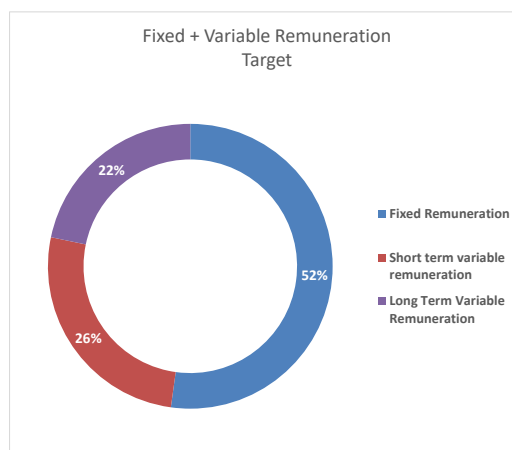
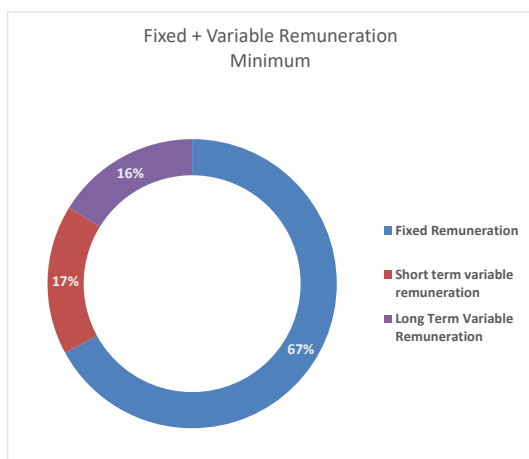
Benefits are granted similar to those provided for all other company managers: company car for mixed use, insurance policies (workplace/non workplace accidents, life and invalidity caused by illness), complementary health insurance cover, complementary pension fund and check-up. Where envisaged, the rental service is activated directly by the Company. The "professional risk policy" taken out by the Company and applicable to Directors & Officers also applies to Managers with Strategic Responsibilities.

- **Bonuses**

Awarding bonuses that are not linked to performance conditions (short-term or long-term incentive scheme) is excluded.

- **Pay Mix**

The percentages indicated for 2023 alternatively assume the disbursement of the minimum, target and maximum value for both the short-term incentive scheme – MBO – and the long-term incentive schemes. Whereas for the Stock Option Plan, the options rights were valued on an annual basis assuming the fair value of the share as at 4 May 2022<sup>1</sup>, the new 2023-2025 LTI Plan is valued on an annual basis based on the expected pay opportunity for the minimum, target and maximum level, (considering the assumption of overperformance of the TSR objective).



## EXECUTIVE RESPONSIBLE FOR PREPARING THE CORPORATE ACCOUNTING DOCUMENTS

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

<sup>1</sup> Fair value of €0.02 as at 4 May 2022, the date on which TIM's Board of Directors resolved to launch the plan, following approval by the Shareholders' Meeting of 7 April.

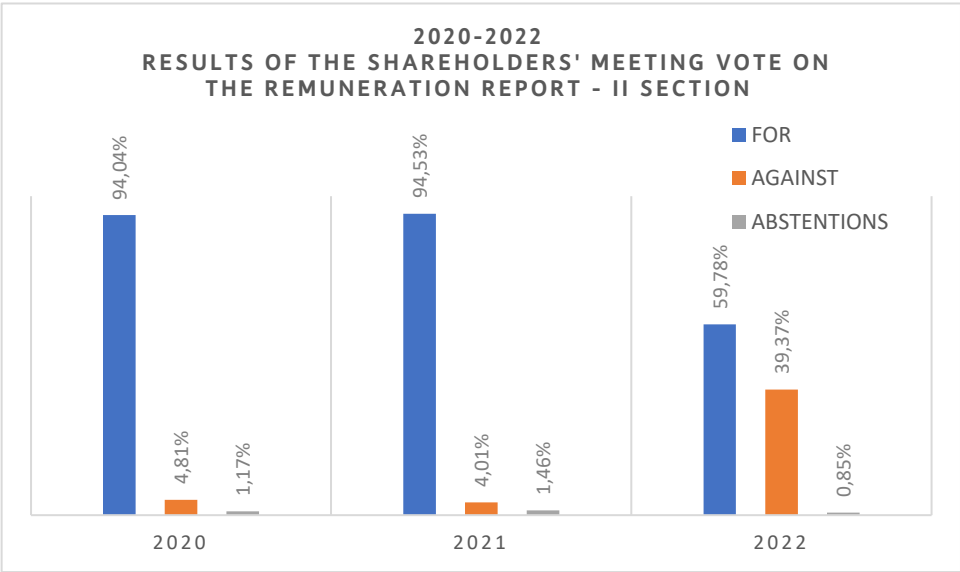


# SECTION II – IMPLEMENTATION OF REMUNERATION POLICIES AND AMOUNTS PAID IN 2022

This section describes the remuneration measures for the members of the Board of Directors, the Board of Statutory Auditors and the Key Managers with Strategic Responsibilities in 2022.

It is confirmed that in 2022 compensation was paid in line with the 2022 Remuneration Policy. In the 2020-2022 three-year period, we have kept alive a constant dialogue with the world of investors and the main proxy advisors, to be further developed, aimed at understanding the reasons for the feedback gradually received and at designing the remuneration policy in line with investor expectations for the future.

Below are the results of the votes on the Remuneration Report - Section II, in 2020 - 2022, calculated on the shares for which a vote was cast.



## REMUNERATION OF THE MEMBERS OF THE BOD

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

The Board of Directors' meeting of 28 April 2021 allocated this total remuneration by assigning a fixed amount of 100,000 euros gross per annum to each Director. There is no remuneration linked to the company results, nor any severance pay. Except for the Chairman and Chief Executive Officer, whose remuneration is structured differently, as detailed in the following paragraphs.

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

### Sustainability Committee

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

**Remuneration:** 30,000 euros per each member (the Chairman of the Board of Directors does not receive remuneration)

### Control and Risk Committee

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

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

### Nomination and Remuneration Committee

|                  |
|------------------|
| Paola Bonomo (C) |
| Paola Camagni    |
| Maurizio Carli   |
| Paola Sapienza   |

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

Luca De Meo stepped down as a member of the Nomination and Remuneration Committee as of 29 March 2022, and resigned from his position as Board Director with effect as of 29 September 2022.

### Related Party Committee

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

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

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

## REMUNERATION OF THE LEAD INDEPENDENT DIRECTOR (PAOLA SAPIENZA)

At its meeting on 26 November 2021, the Company's Board of Directors resolved to appoint a Lead Independent Director, with the powers set out in Borsa Italiana's Corporate Governance Code, calling upon Ms Paola Sapienza to take on this role.

In the subsequent meeting of 17 December 2021, the Board of Directors resolved to grant the Lead Independent Director an additional remuneration of 45,000 euros gross per annum. Following the communication by Ms Sapienza of her wish to waive this remuneration, on 9 November 2022, the Board of Directors revoked the resolution to grant the aforementioned emolument.

## REMUNERATION OF THE BOARD OF STATUTORY AUDITORS

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

### **Board of Statutory Auditors**

**Francesco Fallacara (C)**

Angelo Rocco Bonisconi

**Francesca di Donato**

Anna Doro

**Massimo Gambini**

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

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

## CHAIRMAN (SALVATORE ROSSI)

On 1 April 2021, the Board of Directors appointed Salvatore Rossi as Chairman of the Board of Directors.

On 26 November 2021, the Board of Directors resolved to grant the Chairman the powers needed to perform deeds pertaining to the following issues: Public Affairs, Institutional Communications, Sustainability Projects and Sponsorships, Partnerships and Alliances, specifying that this attribution does not entail any change to the remuneration already approved for the office of Chairman. These powers were revoked by the Board of Directors' meeting held on 21 January 2022, with the exception of delegation of communication powers related to the indicative non-binding expression of interest received from KKR and the ensuing process, concluded by board resolution on 13 March 2022. As at the date of publication of this Report, the only powers attributed to the Chairman are those resulting from law, the Bylaws and the Company's corporate governance documents.

In this period, his compensation package was as follows:

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

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

## GENERAL MANAGER (PIETRO LABRIOLA)

1 January 2022 - 20 January 2022 (first assignment with fixed-term contract)

Mr. Pietro Labriola held the position of General Manager, assigned to him by the Company's Board of Directors in the meeting of **26 November 2021**, (with retention of the position of CEO of the subsidiary TIM S.A and receipt of the related compensation, until 31 January 2022), through employment as an executive with a fixed-term employment contract.

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

By redefining a new open-ended employment contract, this assignment was confirmed as of 21 January 2022, the date on which the Board of Directors co-opted and appointed Pietro Labriola as the Group's new Chief Executive Officer.

Table 1 shows the analytical details of the remuneration received for the above-mentioned period for the position of General Manager alone.

## CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER (PIETRO LABRIOLA)

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

The composition of the *compensation package* was resolved by the Board of Directors on 21 January 2022, in continuity with what has already been paid to the former CEO, for a total annual fixed gross amount of 1,400,000 euros, divided into 1,300,000 euros as Gross Annual Remuneration for the employment salary and 100,000 euros as gross remuneration for the office of Chief Executive Officer pursuant to Article 2389, subsection 3, of the Italian Civil Code. Additional remuneration for the office of Director was excluded.

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

The table below illustrates in detail the degree of achievement of the objectives for the 2022 MBO short-term variable component compared with the references assigned.

| Values in € millions   |            | 2022 OBJECTIVE LEVELS       |                               |                             | FINAL FIGURES                 |                                  |                                   |
|--|------------|-----------------------------|-------------------------------|-----------------------------|-------------------------------|----------------------------------|-----------------------------------|
| OBJECTIVE  | WEIG<br>HT | Min<br>Payout<br>50%        | Target<br>Payout<br>100%      | Max<br>Payout<br>150%       | Result<br>2022                | %<br>achievement                 | Weighted<br>Score                 |
| TIM Group Ebitda GATE <sup>(1)</sup>   | 30%        | 4,829                       | 5,084                         | 5,338                       | 5,347                         | 150%                             | 45.00%                            |
| TIM Group Equity Free Cash Flow  | 23%        | -965                        | -861                          | -758                        | 624                           | 150%                             | 34.50%                            |
| TIM Group Net Financial Position   | 15%        | 28,145                      | 27,459                        | 26,772                      | 25,364                        | 150%                             | 22.50%                            |
| TIM Group Service Revenues   | 10%        | 13,980                      | 14,265                        | 14,550                      | 14,600                        | 150%                             | 15.00%                            |
| ESG indicators:<br>a) Customer Satisfaction Index (10%)<br>b) Young Employee Engagement (6%)<br>c) Gender Pay Gap - Middle managers domestic core (6%) | 22%        | a) 73.33<br>b) 76<br>c) -4% | a) 74.07<br>b) 77<br>c) -3.5% | a) 75.49<br>b) 78<br>c) -3% | a) 74.92<br>b) 77<br>c) -2.6% | a) 129.93%<br>b) 100%<br>c) 150% | a) 12.99%<br>b) 6.00%<br>c) 9.00% |
|  |            |                             |                               |                             |                               |                                  | <b>144.99%</b>                    |

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

The value objectives were determined based on the impacts linked to changes in the consolidation area, rates of exchange in order to pursue the managerial significance of the comparison between the target and the final balance. After evaluation by the nomination and remuneration Committee, no sterilisation was applied with regard to non-recurring items, in line with the contents of the 2022 remuneration policy.

According to the percentage of achievement stated above, the Chief Executive Officer accrued a bonus for the 2022 short-term variable component in the amount of 1,984,550.63 euros gross. This amount is calculated by applying the pro rata to the MBO target defined for the role of General Manager for a fixed term (01-20 January 2022) and the target as Chief Executive Officer (21 January - 31 December 2022).

On 4 May 2022, TIM's Board of Directors launched the 2020-2022 SOP Plan, which was approved by the Shareholders' Meeting on 7 April 2022.

With respect to the 2020-2022 SOP Plan, Mr. Labriola was granted the right to receive 24,000,000 options at target level as at 31 December 2022. Based on the level of achievement of the three-year performance indicators, this number may decrease or increase up to a maximum of 26,400,000 shares. The strike price to exercise the option rights was set at €0.4240.

In FY 2022, starting from 21 January 2022, the proportion between the fixed and variable remuneration, considering the total remuneration of the Chief Executive Officer, was 41% (fixed/total) and 59% (variable/total) as set out in Table 1 (column 8) of the second part of this section.

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

## KEY MANAGERS WITH STRATEGIC RESPONSIBILITIES

The fixed remuneration of the Key Managers with Strategic Responsibilities comprised the gross annual remuneration in relation to the employment contract. The actions taken in 2022 were consistent with those set out in the remuneration policy for the year.

In line with the provisions of the 2022 remuneration policy, the Key Managers with Strategic Responsibilities were the beneficiaries of an MBO short-term variable component, the first three objectives of which were the same as those assigned to the Chief Executive Officer but with different weights.

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

| OBJECTIVE   | WEIGHT Commercial First Line | WEIGHT Operations First Line | WEIGHT Other Departments First Line <sup>(1)</sup> | WEIGHT Group Companies First Line <sup>(2)</sup> | Min Payout 50%              | Target Payout 100%            | Max Payout 150%             |
|---|------------------------------|------------------------------|--|--|-----------------------------|-------------------------------|-----------------------------|
| TIM Group Ebitda GATE <sup>(1)</sup>  | 25%                          | 25%                          | 25%  | 25%  | 4,829                       | 5,084                         | 5,338                       |
| TIM Group Equity Free Cash Flow <sup>(1)</sup>  | 23%                          | 23%                          | 33%  | -  | -965                        | -861                          | -758                        |
| ESG indicators:<br>a) Customer Satisfaction Index (10%) <sup>(2)</sup><br>b) Young Employee Engagement (6%)<br>c) Gender Pay Gap - Middle managers domestic core (6%) | 22%                          | 22%                          | 22%  | 22%  | a) 73.33<br>b) 76<br>c) -4% | a) 74.07<br>b) 77<br>c) -3.5% | a) 75.49<br>b) 78<br>c) -3% |
| Segment Ebitda<br>CC<br>EC  | 15%                          | -                            | -  |  | 3,448<br>930                | 3,630<br>979                  | 3,811<br>1,028              |
| Segment Service Revenues<br>CC<br>EC  | 15%                          | -                            |  |  | 5,130<br>2,431              | 5,235<br>2,481                | 5,340<br>2,531              |
| <i>Department objectives<sup>(1)</sup></i>  | -                            | 30%                          | 20%  | 53%  |                             |                               |                             |

(1) For Managers with Strategic Responsibilities who have become Second level reporting managers during the year, the minimum level of the TIM Group EBITDA (Gate) objective is 4,575 with a weight of 20%, while the weight of the TIM Group Equity Free Cash Flow and specific departmental objectives is 23% and 35% respectively.

(2) This refers to the resources that became Managers with Strategic Responsibilities during the year and coming from Group companies. The company's CSI was used for TI Sparkle with the following target levels: min (84.90) target (85.10) max (85.40).

The table below sets out the average pay out for the 2022 MBO short-term variable component for those who qualified as Key Managers with Strategic Responsibilities in 2022, compared with the average values for those who qualified as such in previous financial years.

|                | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|----------------|------|------|------|------|------|------|------|
| Average Payout | 142% | *    | 91%  | 102% | *    | 107% | 95%  |

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

An analytical breakdown of the remuneration received by Key Managers with Strategic Responsibilities in 2022 is provided in Table 1 in the second part of this section.

\* \* \*

It is confirmed that, in 2022, there was compliance with the remuneration policy in force with regard to the one-off bonus, benefits and severance agreements, with reference to contractual compensation such as indemnities paid in the period.

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

In line with 2022 remuneration policy provisions, as instructed by the CEO, non-competition agreements were signed, for a maximum duration of 12 months, in view of the importance and strategic nature of the roles held.

\* \* \*

With regard to the First Incentive Cycle of the 2020-2022 Long-Term Incentive Plan, the Gate condition for accrual of Performance Shares - represented by the normal value of the Share at 31.12.2022 equal to or greater than €0.35 - was not met (the value was €0.21). The right to accrue the performance shares allocated to recipients was therefore forfeited.

A total of 2,943,350 attraction/retention shares have accrued in favour of Managers with Strategic Responsibilities, linked to the continuity of the employment relationship with TIM - or TIM Group Companies - as at 31 December 2022 and to achievement of the sustainability indicators with bonus/malus effect on the payout.

With regard to the 2021-2023 Second Incentive Cycle, under the 2020-2022 Long Term Incentive Plan, Managers with Strategic Responsibilities are granted, as at 31 December 2022, a total of 10,394,184 TIM S.p.A. ordinary shares free of charge at target level. Based on the level of achievement of the performance objectives for the three-year period, this number may decrease or increase up to a maximum of 14,104,370, subject to the Gate condition and the ESG corrective.

In view of the termination in the first quarter of 2023, the target shares have been re-proportioned to 8,883,073 and a maximum of 12,262,703.

To replace the third cycle of the 2020-2022 Long Term Incentive Plan, the TIM Board of Directors of 4 May 2022 launched the 2020-2022 SOP Plan, approved by the Shareholders' Meeting of 7 April 2022.

With regard to the 2022-2024 SOP Plan, Managers with Strategic Responsibilities were granted a total of 62,500,000 options at target level as at 31 December 2022. Based on the level of achievement of the three-year performance indicators, this number may decrease or increase up to a maximum of 68,750,000 shares. The strike price to exercise the option rights was set at €0.4240.

The detailed analysis of the plans is shown in the tables of the incentive plans in the second part of this section. In the 2022 financial year, the percentage of fixed compensation out of the total remuneration of Key Managers with Strategic Responsibilities was 45% as shown in Table 1 (column 8) of the second part of this section.

## APPLICATION OF THE WAIVER PROCEDURE FOR THE 2022 REMUNERATION POLICY

In 2022, the Company did not apply the waiver procedure provided for in the 2022 Remuneration Policy.



## ANNUAL CHANGE IN REMUNERATION AND PERFORMANCE

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

| TIM S.p.A.  | 2022  | % Change | 2021  | % Change | 2020  | % Change | 2019  |
|---|-------|----------|-------|----------|-------|----------|-------|
| Chairman's Remuneration <sup>(1)</sup>                | 600   | 0%       | 600   | 0%       | 600   | 0%       | 600   |
| Chief Executive Officer's Remuneration <sup>(2)</sup> | 3,355 | 161%     | 1,284 | -53%     | 2,759 | -7%      | 2,972 |
| Average remuneration of employees <sup>(3)</sup>      | 41.8  | 1.5%     | 41.2  | 2%       | 40.4  | 1%       | 40.2  |

Amounts expressed in thousands of euros

- (1) In 2019 the Chairman Salvatore Rossi held the office for the period 21.10 – 31.12.  
 (2) For year 2022, the values also include remuneration for the first period as General Manager only. The values include variable compensation (when present).  
 (3) The values include variable compensation (when present) and staff incentive bonuses

| PERFORMANCE<br>TIM Group (IFRS 16)                    | 2022  | % Change | 2021  | % Change | 2020   |
|---|-------|----------|-------|----------|--------|
| EBITDA Organic After Lease <sup>(1)</sup>             | 4,995 | -10.6%   | 5,404 | -11.6%   | 6,110  |
| Equity Free Cash Flow After Lease                     | (26)  |          | 62    | -96%     | 1,615  |
| Adjusted Net Debt AL variation (% YoY) <sup>(2)</sup> | +14%  |          | -5.5% |          | -15.1% |
| Adjusted Net Debt AL / Organic EBITDA AL              | 4.0x  |          | 3.3x  |          | 3.0x   |

- (1) 2022 comparable organic EBITDA  
 (2) Net of non recurring items

As at 31 December 2022, the TIM Group's organic after-lease EBITDA decreased by 10.6% year-on-year, but showed an improving trend, especially in the fourth quarter, generated thanks to revenue performance in the fixed and mobile domestic market and significant cost containment, despite the difficult inflationary environment.

Equity free cash flow stood at 0.6 billion euros, in line with 2021.

The equity free cash flow on an after-lease basis was almost nil at -24 million euros (cash reduction), positive at 62 million euros (cash generation) in the previous year.

Net after-lease debt (net of lease agreements) of 20,015 million euros as at 31 December 2022 increased by 2,442 million euros compared to 31 December 2021 (17,573 million euros) mainly due to payment of 5G licences (+ approximately 2.2 billion euros) and Oi assets in Brazil (+ 1.2 billion euros), partially offset by the proceeds from the sale of the direct stake in Daphne3 and indirect stake in INWIT (-1.2 billion euros).

As a result, the leverage ratio (Net Debt AL / Organic EBITDA AL ratio) stood at 4.0 x.

# REMUNERATION PAID IN 2022

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

The remuneration due to all the individuals who, in FY 2022 or a part thereof, held the position of member of the management and control body, General Manager or Executive with Strategic Responsibilities (for this last category the information is shown in aggregate form) are shown below.

## Board of Directors

(in thousands of euros)

| No<br>tes              | Name and<br>surname       | Position                                   | Period of<br>office<br>(dd.mm) | Expiry of<br>term of<br>office<br>(mm.yy) | 1<br>Fixed<br>comp<br>ensa<br>tion | 2<br>Compen<br>sation<br>for<br>involvem<br>ent in<br>committ<br>ees | 3<br>Variable<br>remuneration<br>non-equity |                   |            | 4<br>Non-<br>mone<br>tary<br>benefi<br>ts | 5<br>Other<br>compens<br>ation | 6<br>Fair<br>Value<br>of<br>compensa<br>tion<br>equity | 7<br>TOTAL | 8<br>Proporti<br>on<br>betwe<br>en fixed<br>and<br>variable<br>remune<br>ration<br>(1) | 9<br>Compen<br>sation<br>for loss<br>of office<br>or<br>terminati<br>on of<br>employ<br>ment |
|------------------------|---------------------------|--|--------------------------------|---|------------------------------------|--|---|-------------------|------------|---|--------------------------------|--|------------|--|--|
|                        |                           |  |                                |   |                                    |  | Bonuses<br>and<br>other<br>incentive<br>s   | Profit<br>sharing |            |   |                                |  |            |  |  |
| 1                      | Salvatore Rossi           | Chairman                                   | 01.01<br>31.12                 | 12.23                                     | 600                                |  |   |                   |            |   |                                | 600  |            |  |  |
| 2                      | Pietro Labriola           | General Manager                            | 01.01<br>20.01                 | 01.22                                     | 43                                 |  | 61  |                   | 2          |   |                                | 106  | 42% - 58%  |  |  |
|                        |                           | Chief Executive Officer<br>Manager General | 21.01<br>31.12                 | 12.23                                     | 1,328                              |  | 1,944                                       |                   | 110        |   | 120                            | 3,502  | 41% - 59%  |  |  |
| 3                      | Paolo Boccardelli         | Director                                   | 01.01<br>31.12                 | 12.23                                     | 100                                | 85   |   |                   |            |   |                                | 185  |            |  |  |
| 4                      | Paola Bonomo              | Director                                   | 01.01<br>31.12                 | 12.23                                     | 100                                | 85   |   |                   |            |   |                                | 185  |            |  |  |
| 5                      | Franck Cadoret            | Director                                   | 01.01<br>16.11                 | 12.23                                     | 87                                 | =  |   |                   |            |   |                                | 87   |            |  |  |
| 6                      | Paola Camagni             | Director                                   | 01.01<br>31.12                 | 12.23                                     | 100                                | 60   |   |                   |            |   |                                | 160  |            |  |  |
| 7                      | Maurizio Carli            | Director                                   | 01.01<br>31.12                 | 12.23                                     | 100                                | 60   |   |                   |            |   |                                | 160  |            |  |  |
| 8                      | Luca De Meo               | Director                                   | 01.01<br>29.09                 | 12.23                                     | 74                                 | 7  |   |                   |            |   |                                | 81   |            |  |  |
| 9                      | Arnaud Roy de Puyfontaine | Director                                   | 01.01<br>31.12                 | 12.23                                     | 100                                | =  |   |                   |            |   |                                | 100  |            |  |  |
| 10                     | Cristiana Falcone         | Director                                   | 01.01<br>31.12                 | 12.23                                     | 100                                | 60   |   |                   |            |   |                                | 160  |            |  |  |
| 11                     | Federico Ferro Luzzi      | Director                                   | 01.01<br>31.12                 | 12.23                                     | 100                                | 95   |   |                   |            |   |                                | 195  |            |  |  |
| 12                     | Giulio Gallozzi           | Director                                   | 30.11<br>31.12                 | 04.23                                     | 8                                  | =  |   |                   |            |   |                                | 8  |            |  |  |
| 13                     | Giovanni Gorno Tempini    | Director                                   | 01.01<br>31.12                 | 12.23                                     | 100                                | =  |   |                   |            |   |                                | 100  |            |  |  |
| 14                     | Marella Moretti           | Director                                   | 01.01<br>31.12                 | 12.23                                     | 100                                | 75   |   |                   |            |   |                                | 175  |            |  |  |
| 15                     | Ilaria Romagnoli          | Director                                   | 01.01<br>31.12                 | 12.23                                     | 100                                | 75   |   |                   |            |   |                                | 175  |            |  |  |
| 16                     | Paola Sapienza            | Director                                   | 01.01<br>31.12                 | 12.23                                     | 100                                | 60   |   |                   |            | 39  |                                | 199  |            |  |  |
| 17                     | Massimo Sarmi             | Director                                   | 15.12<br>31.12                 | 04.23                                     | 4                                  | =  |   |                   |            | 180                                       |                                | 184  |            |  |  |
| <b>Overall BoD (a)</b> |                           |  |                                |   | <b>3,759</b>                       | <b>662</b>   | <b>2,005</b>                                |                   | <b>112</b> | <b>279</b>                                | <b>120</b>                     | <b>6,937</b>   |            |  |  |

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

## Board of Statutory Auditors

(in thousands of euros)

| Notes  | A<br>Name and surname  | B<br>Position             | C<br>Period of office (dd.mm) | D<br>Expiry of term of office (mm.yy) | 1<br>Fixed compensation | 2<br>Compensation for involvement in committees | 3<br>Variable remuneration non-equity |                |                       | 4<br>Non-monetary benefits | 5<br>Other compensation | 6<br>Fair Value of compensation equity | 7<br>TOTAL | 8<br>Proportion between fixed and variable remuneration | 9<br>Compensation for loss of office or termination of employment |
|--|------------------------|---------------------------|-------------------------------|---------------------------------------|-------------------------|---|---------------------------------------|----------------|-----------------------|----------------------------|-------------------------|--|------------|---|---|
|  |                        |                           |                               |                                       |                         |   | Bonuses and other incentives          | Profit sharing | Non-monetary benefits |                            |                         |  |            |   |   |
| 18   | Francesco Fallacara    | Chairman                  | 01.01<br>31.12                | 12.23                                 | 135                     |   |                                       |                |                       | 19                         |                         | 154                                    |            |   |   |
| 19   | Rocco Angelo Bonisconi | Statutory Auditor Regular | 01.01<br>31.12                | 12.23                                 | 95                      |   |                                       |                |                       |                            |                         | 95                                     |            |   |   |
| 20   | Francesca di Donato    | Statutory Auditor Regular | 01.01<br>31.12                | 12.23                                 | 95                      |   |                                       |                |                       | 26                         |                         | 121                                    |            |   |   |
| 21   | Anna Doro              | Standing Auditor          | 01.01<br>31.12                | 12.23                                 | 95                      |   |                                       |                |                       | 15                         |                         | 110                                    |            |   |   |
| 22   | Massimo Gambini        | Statutory Auditor Regular | 01.01<br>31.12                | 12.23                                 | 95                      |   |                                       |                |                       |                            |                         | 95                                     |            |   |   |
| <b>Overall Board of Statutory Auditors (b)</b> |                        |                           |                               |                                       | <b>515</b>              |   |                                       |                |                       | <b>60</b>                  |                         | <b>575</b>                             |            |   |   |

## Key Managers with Strategic Responsibilities <sup>(1)</sup>

(in thousands of euros)

| Notes   | A<br>Name and surname | B<br>Position | C<br>Period of office (dd.mm) | D<br>Expiry of term of office (mm.yy) | 1<br>Fixed compensation | 2<br>Compensation for involvement in committees | 3<br>Variable remuneration non-equity |                |                       | 4<br>Non-monetary benefits | 5<br>Other compensation | 6<br>Fair Value of compensation equity | 7<br>TOTAL    | 8<br>Proportion between fixed and variable remuneration <sup>(2)</sup> | 9<br>Compensation for loss of office or termination of employment |
|---|-----------------------|---------------|-------------------------------|---------------------------------------|-------------------------|---|---------------------------------------|----------------|-----------------------|----------------------------|-------------------------|--|---------------|--|---|
|   |                       |               |                               |                                       |                         |   | Bonuses and other incentives          | Profit sharing | Non-monetary benefits |                            |                         |  |               |  |   |
| Remuneration in the company drawing up the financial statements |                       |               |                               |                                       | 5,055                   |   | 4,122                                 |                |                       | 309                        | -                       | 2,439                                  | 11,925        | 45% - 55%  | 4,718 <sup>(7)</sup>  |
| Remuneration from subsidiaries <sup>(3)</sup>                   |                       |               |                               |                                       | 559 <sup>(4)</sup>      |   | 871 <sup>(5)</sup>                    |                |                       |                            | 182                     | 2,828 <sup>(6)</sup>                   | 4,440         | 17% - 83%  |   |
| <b>Total Key Managers with Strategic Responsibilities (c)</b>   |                       |               |                               |                                       | <b>5,614</b>            | <b>0</b>  | <b>4,993</b>                          |                |                       | <b>309</b>                 | <b>182</b>              | <b>5,267</b>                           | <b>16,365</b> | <b>37% - 63%</b>   | <b>4,718</b>  |
| <b>TOTAL REMUNERATION PAID (a+b+c)</b>                          |                       |               |                               |                                       | <b>9,888</b>            | <b>662</b>                                      | <b>6,998</b>                          | <b>0</b>       | <b>421</b>            | <b>521</b>                 | <b>5,387</b>            | <b>23,877</b>                          |               |  | <b>4,718</b>  |

(1) The remuneration refers to all the individuals who held the position of Key Managers with Strategic Responsibilities during the 2022 financial year, or any part thereof (16 managers).

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

(3) The remuneration also includes that of Pietro Labriola for his position as CEO of TIM SA until 31 January 2022.

(4) The amount referring to the local work contract has been converted at the average exchange rate for 2022 at 31/12/2022 (Real/€ 5.43993).

(5) This amount refers to MBO, converted into euros at the average exchange rate for 2022 at 31/12/2022 (Real/€5.43993).

(6) This amount refers to the equity compensation of local incentive plans based on financial instruments converted at the average exchange rate for 2022 at 31/12/2022 (Real/€ 5.43993).

(7) In this remuneration, the portion relating to non-competition plans amounts to 1.0 million euros, to be paid in 2023.

- 1 **Salvatore Rossi – Chairman**  
col. 1 The amount refers to the remuneration pursuant to article 2389, subsection 3, of the Italian Civil Code received for serving as Chairman for the period 01/01 - 31/12/2022. The Chairman does not receive remuneration for the office of Director or for his membership of the Sustainability Committee (pursuant to Article 2389 subsection 1 of the Italian Civil Code).
- 2 **Pietro Labriola – General Manager**  
Column 1 The amount refers to the fixed compensation received for the office of General Manager for the period 01/01 - 20/01/2023  
Column 3 The amount refers to the bonus relating to the financial year for objectives achieved in the year itself for the period 01/01 20/01/2023  
Column 6 This amount refers to the equity compensation of incentive plan based on financial instruments, posted in the financial statements and estimated in application of international accounting standards
- 3 **Pietro Labriola - Chief Executive Officer and General Manager**  
col. 1 This amount includes remuneration for employment (€/000 1,234) for the office of General Manager as well as fixed remuneration pursuant to article 2389(3) of the Italian Civil Code. (€/000 94) for the office of Chief Executive Officer for the period 21/01 31/12/2022. The Chief Executive Officer is not the recipient of remuneration for the office of Director.  
col. 3 This amount, paid pursuant to article 2389(3) of the Italian Civil Code, refers to the bonus relating to the financial year for objectives achieved in the year itself for the period 21/01 31/12/2022.  
col. 6 This amount refers to the equity compensation of incentive plan based on financial instruments, posted in the financial statements and estimated in application of international accounting standards.
- 4 **Paolo Boccardelli – Director**  
col. 1 This amount refers to the remuneration received as a member of the Board of Directors;  
col. 2 The amount refers to remuneration received as member of the Control and Risk Committee (€/000 45), Chairman of the Related Parties Committee (€/000 10) and member of the Related Parties Committee (€/000 30).
- 5 **Paola Bonomo – Director**  
col. 1 This amount refers to the remuneration received as a member of the Board of Directors;  
**col. 2** This amount refers to the remuneration received as Chairman of the Nomination and Remuneration Committee (€/000 10), member of the Nomination and Remuneration Committee (€/000 30) and member of the Control and Risk Committee (€/000 45).
- 6 **Franck Cadoret – Director**  
col. 1 The amount refers to the remuneration received as a member of the Board of Directors.
- 7 **Paola Camagni - Director**  
col. 1 This amount refers to the remuneration received as a member of the Board of Directors;  
col. 2 The amount refers to remuneration received as a member of the Nomination and Remuneration Committee (€/000 30) and as a member of the Sustainability Committee (€/000 30).
- 8 **Maurizio Carli – Director**  
col. 1 This amount refers to the remuneration received as a member of the Board of Directors;  
col. 2 The amount refers to remuneration received as a member of the Nomination and Remuneration Committee (€/000 30) and of the Related Parties Committee (€/000 30).
- 9 **Luca De Meo – Director**  
col. 1 This amount refers to the remuneration received as a member of the Board of Directors;  
col. 2 This amount refers to the remuneration received as a member of the Nomination and Remuneration Committee for the period 01/01 - 29/03/2022.
- 10 **Arnaud Roy de Puyfontaine – Director**  
col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
- 11 **Falcone Cristiana - Director**  
col. 1 This amount refers to the remuneration received as a member of the Board of Directors;  
col. 2 The amount refers to remuneration received as a member of the Related Parties Committee (€/000 30) and as a member of the Sustainability Committee (€/000 30).
- 12 **Federico Ferro Luzzi - Director**  
col. 1 This amount refers to the remuneration received as a member of the Board of Directors;  
col. 2 The amount refers to remuneration received as Chairman of the Control and Risk Committee (€/000 20), member of the Control and Risk Committee (€/000 45) and member of the Sustainability Committee (€/000 30).
- 12 **Giulio Gallazzi - Director**  
Column 1 This amount refers to the remuneration received as a member of the Board of Directors.
- 13 **Giovanni Gorno Tempini - Director**  
col. 1 This amount refers to the remuneration received as a member of the Board of Directors.
- 14 **Marella Moretti – Director**  
col. 1 This amount refers to the remuneration received as a member of the Board of Directors;  
col. 2 This amount refers to the compensation received as a member of the Control and Risk Committee (€/000 45) and member of the Related Parties Committee (€/000 30).
- 15 **Ilaria Romagnoli – Director**  
col. 1 This amount refers to the remuneration received as a member of the Board of Directors;  
Column 2 This amount refers to the compensation received as a member of the Control and Risk Committee (€/000 45) and member of the Related Parties Committee (€/000 30).
- 16 **Paola Sapienza - Director**  
col. 1 This amount refers to the remuneration received as a member of the Board of Directors;  
Column 2 The amount refers to remuneration received as a member of the Nomination and Remuneration Committee (€/000 30) and as a member of the Sustainability Committee (€/000 30).

- Column 5 The amount refers to the remuneration received as Lead Independent Director of Tim for the period 01/01 - 09/11/2022, the day Prof. Sapienza waived her remuneration (€/000 39).
- 17 **Massimo Sarmi – Director**  
 Column 1 The amount refers to the remuneration as Director which will be paid in the first quarter of 2023;  
 Column 5 The amount refers to remuneration received as Chairman (€000 150) and member of the Related Party Committee (€000 30) of the subsidiary FiberCop S.p.A.
- 18 **Francesco Fallacara – Chairman**  
 col. 1 This amount refers to the remuneration received as Chairman of the Board of Statutory Auditors.  
 Column 5 This amount refers to the remuneration received as Chairman of the Board of Statutory Auditors in the subsidiary company Tim Retail S.r.l. For the period 11/04 - 31/12/2022
- 19 **Rocco Angelo Bonisconi – Standing Auditor**  
 col. 1 This amount refers to the remuneration received as Standing Auditor.
- 20 **Francesca di Donato – Standing Auditor**  
 col. 1 This amount refers to the remuneration received as Standing Auditor.  
 Column 5 The amount refers to remuneration received as Chairman of the Board of Statutory Auditors in the subsidiary Telsy S.p.A. for the period 11/04 - 31/12/2022 (€/000 14) and as Standing Auditor in the subsidiary Noovle S.p.A. (€/000 12).
- 21 **Anna Doro – Standing Auditor**  
 Column 1 This amount refers to the remuneration received as Standing Auditor.  
 Column 5 This amount refers to the compensation received as member of the Supervisory Body of Tim S.p.A.
- 22 **Massimo Gambini – Standing Auditor**  
 4 Column 1 This amount refers to the remuneration received as Standing Auditor.

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

DATE 31 DECEMBER 2022

|   |    | In the company drawing up the financial statements |                               |  | In subsidiaries and associates               |  |  |                      | TOTAL |
|---|----|--|-------------------------------|--|--|--|--|----------------------|-------|
| Name and surname  | A  |  |                               |  |  |  |  |                      |       |
| Position  | B  | Key Managers with Strategic Responsibilities       |                               |  | Key Managers with Strategic Responsibilities |  |  |                      |       |
| Plan and respective resolution  | 1  | Long Term Incentive 2020-2022                      | Long Term Incentive 2021-2023 | Long Term Incentive 2018-2020 Grant 2019** | Long Term Incentive 2018-2020 Grant 2020**   | Long Term Incentive 2021-2023 Grant 2021** | Long Term Incentive 2022-2024 Grant 2022** |                      |       |
| Financial instruments assigned in previous financial years not vested during the financial year | 2  | Number and type of financial instruments           | 18,359,994 <sup>(1)</sup>     | 18,846,432 <sup>(2)</sup>                  | 221,638 <sup>(4)</sup>                       | 208,374 <sup>(6)</sup>                     | 869,177 <sup>(8)</sup>                     | <b>38,505,615</b>    |       |
|   | 3  | Vesting Period                                     | 2020-2022                     | 2021-2023                                  | 3 years                                      | 3 years                                    | 3 years                                    |                      |       |
| Financial instruments assigned during the financial year  | 4  | Number and type of financial instruments           |                               |  |  |  | 226,751                                    | <b>226,751</b>       |       |
|   | 5  | Fair value on allocation date                      |                               |  |  |  | R\$ 3,000,001                              | <b>R\$ 3,000,001</b> |       |
|   | 6  | Vesting Period                                     |                               |  |  |  | 3 years                                    |                      |       |
|   | 7  | Allocation date                                    |                               |  |  |  | 26/04/22                                   |                      |       |
|   | 8  | Market price on allocation                         |                               |  |  |  | R\$ 13.23                                  |                      |       |
| Financial instruments vested during the financial year and not assigned                         | 9  | Number and type of financial instruments           | 7,424,788 <sup>(3)</sup>      |  |  |  |  | <b>7,424,788</b>     |       |
| Financial instruments vested during the financial year and assignable                           | 10 | Number and type of financial instruments           | 2,943,350                     |  | 175,835 <sup>(5)</sup>                       | 186,256 <sup>(7)</sup>                     | 964,283 <sup>(9)</sup>                     | <b>4,269,724</b>     |       |
|   | 11 | Value on vesting date                              | 1,422,465                     |  | R\$ 13.27<br>(31/01/2022)                    | R\$ 13.27<br>(31/01/2022)                  | R\$ 13.27<br>(31/01/2022)                  |                      |       |
| Financial instruments for the year  | 12 | Fair value   | 588,606                       | 2,438,486                                  | R\$ 802,040                                  | R\$ 1,391,323                              | R\$ 10,745,324                             | <b>R\$ 1,653,304</b> |       |

- (1) Subject to the Gate condition and the ESG corrective. The number of rights has been determined with the normal value of the share\* on 18 May 2020 (€ 0.35).  
(2) Subject to the Gate condition and the ESG corrective. The number of rights has been determined with the normal value of the share\* on 31 March 2021 (€ 0.42).  
(3) Of the 221,638 shares granted in 2019, 51,716 became vested in the 2020 financial year and 51,715 became vested in the 2021 financial year and 118,207 became vested within FY 2022. The plan was liquidated early due to the transfer to the other Group company  
(4) Of the total of 175,835 shares transferred, 118,207 correspond to the original volume that became vested, 41,106 additional shares are due to achievement of the performance level and 16,522 to dividends paid in additional shares;  
(5) Of the 208,374 shares granted in 2020, 69,458 became vested in the 2021 financial year and 138,916 became vested in the 2022. The plan was liquidated early due to the transfer to another Group company

- (6) *Of the total of 186,256 shares transferred, 138,916 correspond to the original volume that became vested, 34,730 additional shares are due to achievement of the performance level and 12,610 to dividends paid in additional shares;*
- (7) *All of the 869,177 shares assigned in 2021 became vested during financial year 2022. The plan was liquidated early due to the transfer to another Group company*
- (8) *Of the total of 964,283 shares transferred, 869,177 correspond to the original volume that became vested, 59,085 additional shares are due to achievement of the performance level and 36,021 to dividends paid in additional shares;*
- (\*) *Normal value of the share: Arithmetic mean of the official prices of the Shares recognized starting from the stock market trading day prior to that of assignment until the thirtieth previous ordinary calendar day (both included) on the Electronic Share Market managed by Borsa Italiana S.p.A., calculated using only the days to which the prices taken as the basis of calculation refer as the divisor, cut off at the second decimal.*
- (\*\*) *For Brazil, the 2022 Grant refers to Alberto Maria Griselli, those of previous years (2019-2021) refer to Pietro Labriola.*



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

(in thousands of euros)

| A  | B  | 1   | 2                  |          |                    | 3                        |                  | 4                 |
|--|--|---|--------------------|----------|--------------------|--------------------------|------------------|-------------------|
| Name and surname   | Position                                       | Plan  | Bonus for the year |          |                    | Bonus for previous years |                  | Other Bonuses     |
|  |  |   | (a)                | (b)      | (c)                | (a)                      | (b)              | (c)               |
|  |  |   | Payable/<br>Paid   | Deferred | Deferral<br>period | No<br>longer<br>payable  | Payable/<br>Paid | Still<br>Deferred |
| Pietro Labriola  | Chief Executive Officer<br>and General Manager | MBO 2022<br>BoD<br>Resolution<br>02/03/2022 | 1,985<br>(1)       |          |                    |                          |                  | 20<br>(2)         |
| <b>Key Managers with Strategic Responsibilities</b>                |  |   |                    |          |                    |                          |                  |                   |
| Remuneration in the company<br>drawing up the financial statements |  | MBO 2022<br>05/05/2022                      | 3,504              |          |                    |                          |                  | 618<br>(2)        |
| Remuneration in subsidiaries and<br>associates                     |  | MBO 2022<br>26/04/2022                      | 871<br>(3)         |          |                    |                          |                  |                   |
| <b>TOTAL</b>   |  |   | <b>6,360</b>       |          |                    |                          |                  | <b>638</b>        |

(1) The amount includes the MBO remuneration for the entire year 2022, for the period from 01-20 January as General Manager and for the remaining period until 31 December as Chief Executive Officer.

(2) Bonuses linked to employment and retention conditions and to cover the effects of the grossing up contributions and taxes on accommodation expenses.

(3) This amount refers to MBO, converted into euros at the average exchange rate for 2022 at 31/12/2022 (Real/€5.43993).

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

The table below shows the shareholdings held by all the individuals who during the financial year 2022, or a part thereof, held the position of member of the Board of Directors, of member of the Board of Statutory Auditors, General Manager or Executive with strategic responsibilities (for this last category the information is shown in aggregate form).

| Name and surname                                    | Position               | Investee Company      | Category of shares   | Number of shares owned at the end of the previous financial year (or on the date of appointment) | Number of shares bought during the financial year | Number of shares sold during the financial year | Number of shares owned at the end of the financial year (or on the date of termination of office if earlier) |
|---|------------------------|-----------------------|----------------------|--|---|---|--|
| <b>Board of Directors</b>                           |                        |                       |                      |  |   |   |  |
| Salvatore Rossi                                     | Chairman               | =                     | =                    | =  | =   | =   | =  |
| Pietro Labriola                                     | CEO<br>General Manager | TIM S.p.A.<br>TIM SA* | Ordinary<br>Ordinary | =<br>1,604,210   | 1,770,000<br>=                                    | =<br>=  | 1,770,000<br>1,604,210   |
| Paolo Boccardelli                                   | Director               | =                     | =                    | =  | =   | =   | =  |
| Paola Bonomo  | Director               | =                     | =                    | =  | =   | =   | =  |
| Franck Cadoret <sup>(1)</sup>                       | Director               | TIM S.p.A.            | Ordinary             | 13,000   | =   | =   | 13,000   |
| Paola Camagni                                       | Director               | =                     | =                    | =  | =   | =   | =  |
| Maurizio Carli                                      | Director               | TIM S.p.A.            | Ordinary             | 252,525  | =   | =   | 252,525  |
| Luca De Meo <sup>(1)</sup>                          | Director               | =                     | =                    | =  | =   | =   | =  |
| Arnaud Roy de Puyfontaine <sup>(1)</sup>            | Director               | =                     | =                    | =  | =   | =   | =  |
| Cristiana Falcone                                   | Director               | TIM S.p.A.            | Ordinary             | =  | 62,500  | =   | 62,500   |
| Federico Ferro Luzzi                                | Director               | =                     | =                    | =  | =   | =   | =  |
| Giulio Gallazzi                                     | Director               | =                     | =                    | =  | =   | =   | =  |
| Giovanni Gorno Tempini                              | Director               | =                     | =                    | =  | =   | =   | =  |
| Marella Moretti                                     | Director               | =                     | =                    | =  | =   | =   | =  |
| Ilaria Romagnoli                                    | Director               | =                     | =                    | =  | =   | =   | =  |
| Paola Sapienza                                      | Director               | =                     | =                    | =  | =   | =   | =  |
| Massimo Sarmi                                       | Director               | TIM S.p.A.            | Ordinary             | 1,815  | =   | =   | 1,815  |
| <b>Board of Statutory Auditors</b>                  |                        |                       |                      |  |   |   |  |
| Francesco Fallacara                                 | Chairman               | =                     | =                    | =  | =   | =   | =  |
| Angelo Rocco Bonisconi                              | Standing Auditor       | =                     | =                    | =  | =   | =   | =  |
| Francesca di Donato                                 | Standing Auditor       | =                     | =                    | =  | =   | =   | =  |
| Anna Doro   | Standing Auditor       | =                     | =                    | =  | =   | =   | =  |
| Massimo Gambini                                     | Standing Auditor       | =                     | =                    | =  | =   | =   | =  |
| <b>Key Managers with Strategic Responsibilities</b> |                        |                       |                      |  |   |   |  |
|   |                        | TIM S.p.A.            | Ordinary             | 2,078,560  | 976,094   | 70,000  | 2,984,654**  |
| 16  |                        |                       | Savings              | 1,650  | =   | =   | 1,650***   |
|   |                        | TIM SA                | Ordinary             | 167,151*   | =   | =   | 167,151*   |

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

\*\*Shares listed on the NYSE and BOVESPA markets.

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

\*\*\*\* Held by spouse not legally separated

(1) Directors who have resigned and are no longer on the Board of Directors at the date of publication of this report

## APPENDIX – TABLE OF REMUNERATION PLANS

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

SOP 2022-2024

Date: 31/12/2022

|  |                         | FRAMEWORK 2   |                        |                   |                 |              |   |                                 |
|--|-------------------------|---|------------------------|-------------------|-----------------|--------------|---|---------------------------------|
|  |                         | Stock Option  |                        |                   |                 |              |   |                                 |
|  |                         | Section 1   |                        |                   |                 |              |   |                                 |
|  |                         | Options relating to currently valid plans, approved on the basis of previous resolutions of the Shareholders' Meeting |                        |                   |                 |              |   |                                 |
| Name or category                             | Position                | Date of resolution by the Shareholder s' Meeting  | Description instrument | Number of options | Allocation date | Strike price | Market price of underlying shares on date of allocation | Period of the possible exercise |
| Pietro Labriola                              | CEO and General Manager | 07/04/2022  | Stock options          | 24,000,000        | 10/05/2022      | € 0.424      | € 0.260   | 2025/2027                       |
| Key Managers with Strategic Responsibilities |                         | 07/04/2022  | Stock options          | 62,500,000        | 10/05/2022      | € 0.424      | € 0.260   | 2025/2027                       |