TIM

LA FORZA DELLE CONNESSIONI

Shareholders' meeting of april 20, 2023

Reports and proposals of the Board of Directors

TIM S.p.A.
Registered Office in Milan at Via Gaetano Negri 1
General Administration and Secondary Office in Rome at Corso d'Italia 41
PEC (Certified electronic mail): telecomitalia@pec.telecomitalia.it
Share capital 11,677,002,855.10 euros fully paid-up
Tax Code/VAT Registration Number and
Milan Monza-Brianza Lodi Business Register Number 00488410010

Financial statements as at 31 December 2022 – Coverage of the operating loss

Dear Shareholders,

The 2022 draft financial statements submitted for the approval of the Shareholders' Meeting show a net loss of 3,076,991,836.16 euros. The reasons for this result are described in the report on operations, to which reference should be made.

It is proposed that upon approval of the financial statements, the loss for the year be covered through full utilisation of the Merger Surplus Reserve (of 776,679,887.65 euros), Miscellaneous Reserves (of 742,611,272.49 euros) and withdrawal from Paid-in capital of 1,557,700,676.02 euros as set forth below.

In view of the above, the Board of Directors submits for your approval the following proposal

The Shareholders' Meeting of TIM S.p.A.,

- having examined the annual financial report of TIM S.p.A.;
- having taken note of the reports by the Board of Statutory Auditors and the independent auditors EY S.p.A.;

resolved

- to approve the 2022 financial statements of TIM S.p.A.
- to cover the loss for the year of TIM S.p.A. (equal to 3,076,991,836.16 euros)
  a) for 776,679,887.65 euros through use of the Merger Surplus Reserve;
  b) for 742,611,272.49 euros through use of the Miscellaneous Reserves;
  c) for 1,557,700,676.02 euros through use of the Paid-in capital.

Report on the remuneration policy and compensation paid

– Approval of the first section (remuneration policy)

– Non-binding vote on the second section (2022 final balance)

Dear Shareholders,

the report on the remuneration policy for financial year 2023 and the remuneration paid in financial year 2022 was prepared on the basis of the applicable regulatory framework.

This document is divided into two sections:

- the first illustrates the Company's policy on the remuneration of Directors, Statutory Auditors and Key Managers with Strategic Responsibilities, and is subject to a binding resolution of the Shareholders' Meeting, with the possibility of derogation in the event of exceptional circumstances, within the limits and under the procedural conditions specified in the same document;
- the second presents the items that make up the remuneration of the persons mentioned above, with an analytical illustration of the 2022 remuneration; indicates how the Company considered the Shareholders' vote of 7 April 2022 and is subject to a non-binding resolution of the Shareholders' Meeting in favour or against.

All that said, you are called upon to express your views separately on the first and second sections of the report, as described above. For this purpose, the Board of Directors submits the following proposals for your approval

Proposal 1: approval of the first section of the report on the remuneration policy and compensation paid

The Shareholders' Meeting of TIM S.p.A., having regard to applicable regulations,

resolved

the approval of the first section of the report on the remuneration policy and compensation paid by the Company.

Proposal 2: non-binding vote on the second section of the report on the remuneration policy and compensation paid

The Shareholders' Meeting of TIM S.p.A., having regard to applicable regulations,

resolved

in favour of the second section of the report on the remuneration policy and compensation paid by the Company.

Resolutions arising from the resignation of three Directors

- **Substitution of Luca de Meo**
- **Substitution of Franck Cadoret**
- **Substitution of Arnaud Roy de Puyfontaine**

Dear Shareholders,

on 29 September 2022, 16 November 2022 and 16 January 2023, the directors Luca de Meo, Franck Cadoret and Arnaud Roy de Puyfontaine respectively resigned from their positions in the Company.

At the meetings of 30 November and 15 December 2022, the Board of Directors - replacing the first two directors - co-opted Giulio Gallazzi and Massimo Sarmi, who will remain in office as directors until the next Shareholders' Meeting.

On 14 February 2023, the Board of Directors resolved not to co-opt a Director to replace Arnaud Roy de Puyfontaine, given the approaching Shareholders' Meeting which will be called to decide the appointment.

Since the slate voting mechanism does not apply to these cases, as the Bylaws only require it for the renewal of the entire board, we propose that you appoint the aforementioned Giulio Gallazzi, Massimo Sarmi (whose curricula vitae are available on the Company's website) as Directors of TIM for the remaining duration of the term of office of the serving Board of Directors and therefore until approval of the financial statements for the year ending on 31 December 2023.

With regard to the appointment of the third Director, since the Board of Directors has decided not to make any proposals in this regard, the Shareholders are invited to propose their own candidates.

Considering the particular manner in which the Shareholders' Meeting will be held and the circumstance that participation in the Shareholders' Meeting will be allowed exclusively through the Appointed Representative and that no proposals may be submitted during the proceedings (as clarified by Consob), Shareholders are invited to consider submitting the names of the candidates to be voted at the Shareholders' Meeting by the deadline set for submitting individual candidatures, i.e. by 5 April 2023, accompanying the proposal: (i) with a declaration in which the candidate accepts the nomination and certifies, at their responsibility, that there are no causes of ineligibility or incompatibility and that the requisites required by law and the Bylaws for the office are present; (ii) exhaustive information on the personal and professional characteristics of the candidate, with an indication of the administration and control positions held in other companies; and (iii) information on the identity of the Shareholders submitting the proposal with an indication of the total equity held, to be attested within the terms and according to the procedures set forth in applicable laws and regulations.

The proposals received - after they have been verified as complete and compliant with the applicable regulations - will be announced by 6 April 2023 (with accompanying documentation) through publication on the Company's website at www.gruppotim.it/assemblea.

In light of the above, the Board of Directors submits the following proposals for your approval.

Proposal 1: Appointment of a Director to replace Luca de Meo

The Shareholders' Meeting of TIM S.p.A.,

- given that Luca de Meo's has ceased to hold office as a Director (and the removal from office of Giulio Gallazzi, who had already been co-opted by the Board of Directors to replace Luca de Meo);

- considering that the term of office of the current Board of Directors will expire with approval of the financial statements as at 31 December 2023 (as per the Shareholders' Meeting resolution of 31 March 2021),

resolved

to appoint Giulio Gallazzi as Director of the Company expiring together with the Directors in office and therefore until the approval of the financial statements at 31 December 2023.

Proposal 2: Appointment of a Director to replace Frank Cadoret

The Shareholders' Meeting of TIM S.p.A.,

- given that Frank Cadoret's has ceased to hold office as a Director (and the removal from office of Massimo Sarmi, who had already been co-opted by the Board of Directors to replace Frank Cadoret);
- considering that the term of office of the current Board of Directors will expire with approval of the financial statements as at 31 December 2023 (as per the Shareholders' Meeting resolution of 31 March 2021),

resolved

to appoint Massimo Sarmi as Director of the Company expiring together with the Directors in office and therefore until the approval of the financial statements at 31 December 2023.

Proposal 3: Appointment of a Director to replace Arnaud Roy de Puyfontaine

The Shareholders' Meeting of TIM S.p.A.,

- given that Arnaud Roy de Puyfontaine has ceased to hold office as Director and the decision of the Board of Directors not to co-opt a Director to replace him;
- considering that the term of office of the current Board of Directors will expire with approval of the financial statements as at 31 December 2023 (as per the Shareholders' Meeting resolution of 31 March 2021),

resolved

to invite the Shareholders to formulate proposals for candidates as Director of the Company expiring together with the Directors in office and therefore until the approval of the financial statements as at 31 December 2023.

Short -term incentive plan (MBO) 2023 - approval of the financial-instrument-based remuneration plan, related and consequent resolutions

Dear Shareholders,

pursuant to art. 114-bis of Legislative Decree 58 of 24 February 1998 (the "CLF"), the Board of Directors submits for your approval a new, short-term incentive instrument based on ordinary Telecom Italia shares (the "Shares"), introduced into the company remuneration policy as illustrated in the first section of the corresponding report, which is also submitted to the Shareholders' Meeting for review.

For further details, please refer to the information document prepared in accordance with the Issuer Regulations (adopted by Consob in resolution 11971 of 14 May 1999 and as subsequently amended). It should be noted that the Short-Term Incentive Plan (MBO) 2023 (hereinafter the 'Plan') introduces, as part of the broader short-term incentive system applied to the Chief Executive Officer, General Manager and management (MBO), a partial deferral and co-investment mechanism applicable to a selected portion of management (up to approximately 50 managers), in line with the recommendations of the Corporate Governance Code and the most advanced practices.

In particular, in order to promote greater alignment between the interests of management and the goal of creating value for shareholders, the Plan provides for the payment of 25% of the MBO bonus in Shares to a selected portion of management (i.e. The Chief Executive Officer and General Manager, the top managers and holders of key positions); the shares thus allocated will be subject to a lock-up of 12 months from assignment (without prejudice to the right to "sell to cover" payment of the taxes due). It is also envisaged that, at the end of the lock-up period, a Bonus Share will be allocated free of charge in the ratio of 1 for every 4 Shares allocated and depending on the achievement of specific performance conditions.

The incentive will be acknowledged subject to the achievement of economic and financial targets (one of which is a 'Gate' at 78% of the incentive, for the Chief Executive Officer and top management) and ESG targets. The incentive may also be suspended and/or cancelled for all management (with the exception of the Chief Executive Officer) in the presence of significant shortcomings - not remedied within the deadlines indicated by the Control Departments - resulting from audits, the system for internal control over financial reporting pursuant to Law 262/200 and the organisational and management model pursuant to Legislative Decree 231/2001.

To service the initiative referred to in this report and the "Long-Term Incentive Plan 2023-2025", authorisation is requested to purchase a maximum of 135,000,000 Shares, pursuant to Articles 2357 and 2357-*ter* of the Italian Civil Code and Article 132 of Legislative Decree 58 of 24 February 1998.

The proposal is also made to give the Board of Directors the power, where deemed necessary or appropriate, to fund the Plan, in whole or in part, by the use of treasury shares in the Company's portfolio as at the date of this resolution. The Board of Directors therefore also requests the Shareholders' Meeting for authorisation to use the aforementioned treasury shares free of charge, for the benefit of the beneficiaries of the Plan for as long as necessary.

The Board of Directors invites you to refer to the information document for an analytical explanation of the initiative (available on the Company's website at www.gruppotim.it/agm), and submits for your approval the following proposal.

The Shareholders' Meeting of TIM S.p.A.,

- having examined the Board of Directors' explanatory report and the disclosure document on the 2023 Short-Term Incentive Plan (MBO), resolved

- to approve the 2023 Short-term incentive Plan (MBO) in the general terms described above and detailed in the information document published in accordance with the applicable regulations;
- to grant the Board of Directors, with the power to sub-delegate, all the powers necessary or appropriate (i) to define any Plan regulations and any other documentation accompanying the same, (ii) to implement the Plan, proceeding with any activities needed to comply with the regulations in force at the time, (iii) to make any amendments and/or additions needed to the Plan, its regulations and any other documentation, with authorisation to carry out acts of disposal of the ordinary treasury shares held in the Company portfolio at the time, to the benefit of the beneficiaries of the short-term incentive Plan (MBO) 2023 for as long as necessary.

Long-Term Incentive Plan 2023-2025 - approval of the financial-instrument-based remuneration plan, related and consequent resolutions

Dear Shareholders,

you have been called to discuss and resolve on the proposed long term share-based incentive plan entitled the "Long-Term Incentive Plan 2023-2025" (hereinafter the "LTI Plan").

As described in the information document (available on the Company's website at www.gruppotim.it/agm to which reference should be made for further details), the LTI Plan consists of the free allocation of shares to the Chief Executive Officer, Top management and a selected number of key managers for achieving the objectives of the 2023-2025 Strategic Plan (the "Beneficiaries"), which is proposed to promote both the effective implementation within the three-year period of the delayering plan, overcoming vertical integration and the commitment to reducing leverage and maintaining a sustainable capital structure, as well as focusing on the challenges faced by the individual Business Units already identified at an organisational level and the achievement of their specific objectives, improving organic performance in each of the activities in the portfolio.

The Beneficiaries of the LTI Plan - the total number of which is up to about 140 managers - are divided into four pay-opportunity brackets.

The LTI Plan consists in the offer of Performance Shares (i.e. free allocation rights to Telecom Italia S.p.A. ordinary shares), with a three-year vesting, to the Beneficiaries, in a number varying in relation to the achievement of predetermined performance conditions, differentiated according to the office held and the scope of activities, consisting of equity, industrial and ESG targets (indicated in detail in the Information Document).

The shares allocated will have normal dividend entitlement upon vesting and the same characteristics as the ordinary shares outstanding at the time, and will be subject,

- a 2-year lock-up of 50% of the shares remaining after the exercise of the "sell to cover" option (sale upon maturity of a sufficient number of shares to pay the taxes due)
- a claw-back, whereby the Company reserves the right, in the three years following the allocation, to ask the beneficiary to return, in whole or in part, the shares assigned (minus those sold to meet the tax liabilities arising from the LTI Plan) or their equivalent value at the date of allocation, if they were assigned on the basis of data that later proved to be incorrect, resulting in a restatement of the financial statements, or in cases of fraud or other wilful misconduct or gross negligence.

To service the initiative referred to in this report and the "Short-Term Incentive Plan (MBO) 2023", authorisation is requested to purchase a maximum of 135,000,000 Shares, pursuant to Articles 2357 and 2357-*ter* of the Italian Civil Code and Article 132 of Legislative Decree 58 of 24 February 1998.

It is also proposed to give the Board of Directors the power, where deemed necessary or appropriate, to fund the LTI Plan, in whole or in part, by using treasury shares in the Company's portfolio as at the date of this resolution. The Board of Directors therefore also requests the Shareholders' Meeting for authorisation to use the aforementioned treasury shares free of charge, to the benefit of the beneficiaries of the LTI Plan for as long as necessary.

As mentioned, the Board of Directors invites you to refer to the information document for an analytical explanation of the initiative, and submits for your approval the following proposal

The Shareholders' Meeting of TIM S.p.A.,

- having examined the explanatory report of the Board of Directors and the information document on the Long-Term Incentive Plan 2023-2025,

resolved

- to approve the incentive plan entitled 2023-2025 Long-Term Incentive Plan in the terms stated in the information document published in accordance with the applicable regulations;
- to grant the Board of Directors, with the power to sub-delegate, all the necessary or appropriate powers to implement the initiative and make any amendments and/or additions needed to actuate the resolution, also for the purposes of compliance with applicable regulatory provisions, including the power to adopt specific regulations for the initiative, with authorisation to carry out in due time acts of disposal free of charge of the ordinary treasury shares in the Company’s portfolio to the benefit of the beneficiaries of the Long-Term Incentive Plan 2023- 2025 for as long as needed.

Request for authorisation for the purchase and disposal of treasury shares to service the Short-Term Incentive Plan (MBO) 2023 and Long-Term Incentive Plan 2023-2025, inherent and consequent resolutions

Dear Shareholders,

you have been called to discuss and resolve on the proposal to approve the authorisation to purchase and dispose of treasury shares, pursuant to Articles 2357 and 2357-*ter* of the Italian Civil Code and Article 132 of Legislative Decree 58 of 24 February 1998 (the "CLF”) and in compliance with the provisions of Article 5 of EU Regulation 596/2014 (the "MAR") and EU Delegated Regulation 2016/1052 (the "Delegated Regulation"), to service the Short-Term Incentive Plan (MBO) 2023 and the Long-Term Incentive Plan 2023-2025 (the "Plans").

This explanatory report (the ‘Explanatory Report’) drafted pursuant to and in accordance with Article 73 of the regulation adopted by Consob with resolution 11971 of 14 May 1999 (the 'Issuer Regulation') and the relevant Annex 3A, Schedule No. 4, illustrates the reasons and terms of the proposal.

A. Reasons for requesting authorisation to purchase and dispose of treasury shares

The Board of Directors submits to the Shareholders' Meeting a request for authorisation to carry out purchase operations of ordinary shares of Telecom Italia S.p.A, without nominal value, (the "Shares") and to dispose of the same in compliance with applicable regulations and, in particular, with the conditions set forth in Article 5 of the MAR, so as to create the necessary resources to meet the obligations arising from the Plans, having the purpose of incentivizing, building loyalty and retaining top management in the TIM Group, submitted for approval to today's Shareholders' Meeting and described in the information documents available on the Company's website at www.gruppotim.it/agm to which reference should be made for full details.

The request for authorisation is therefore not a preliminary to operations for reducing share capital by cancelling the Shares purchased.

With reference to the disposal of the Shares thus acquired, considering the purposes underlying this request for authorisation, the Board of Directors proposes that the Shareholders' Meeting authorise the allocation, free of charge, of such Shares to the beneficiaries of the Plans, provided, of course, that the conditions set forth in the relevant implementing regulations are met, specifying that such procedures will also be applicable to the treasury shares already held in the Company's portfolio. Authorisation is also requested for the Board of Directors to use any Shares in excess of those actually used to service the Plans, to service other remuneration and incentive plans approved by the Shareholders' Meeting and/or sold on or outside the market, possibly even through the transfer of rights in rem and/or personal rights.

In any case, all purchases and disposals will be carried out in compliance with the law and applicable regulations, in particular concerning 'market abuse', and ensuring equal treatment of shareholders.

B. Maximum number of shares in the authorisation proposal

At the date of formulating this proposal, the certified share capital of Telecom Italia S.p.A. is represented by 21,357,258,195 shares, of which 15,329,466,496 are ordinary shares and 6,027,791,699 are savings shares, all without par value.

Without prejudice to the provisions of Article 2357, subsection 1 of the Italian Civil Code, the authorisation requested concerns the purchase of treasury shares, in one or more instalments, for a maximum number of 135,000,000 Shares (corresponding to 0.88% of the capital of the category and to 0.63% of the total capital), it being understood that purchases may not be made for amounts that are not covered by the available reserves resulting from the Company's last duly approved financial statements.

In any case, the number of treasury shares that may be purchased may never exceed the limit of one-fifth of the share capital pursuant to Article 2357, subsection 3 of the Italian Civil Code, also taking into account for such purpose the shares of the Company already owned or that may be acquired from subsidiaries.

C. Further useful information for assessing compliance with Article 2357, paragraph 3 of the Civil Code

As of today, the Company holds 115,942,196 Treasury shares, representing approximately 0.54% of the share capital. No treasury shares are held through subsidiaries, trusts or intermediaries.

It follows that the maximum number of Shares proposed for purchase is within the legal limits, subject to the limitations set forth in the previous paragraph. In such regard, it should be noted that the draft financial statements of TIM S.p.A. as at 31 December 2022, submitted for the approval of the same Shareholders' Meeting called for the approval of this Authorisation, show available reserves of a total of more than 400 million euros (already taking into account the proposed covering of the losses for the year 2022).

Upon the purchase or sale of Shares, as further clarified below, the appropriate accounts postings must be made, in accordance with the legal provisions and applicable accounting standards.

D. Duration for which authorisation is required

It is proposed that the purchase authorisation be granted for a period of eighteen months from the date of the resolution of the shareholders' meeting.

Authorisation for the disposal of treasury shares already in the portfolio and those that will be purchased for the purposes illustrated above is requested without time limits, in light of there being no regulatory constraints in this regard and of the need to have maximum flexibility, also in terms of timing, to carry out the disposal of the same.

E. Methods of purchase

The purchase of the Shares will be carried out on regulated markets, pursuant to Article 132 of the Consolidated Law on Finance and Article 144-bis, subsection 1, letter b) of the Issuer Regulation, in accordance with the operating procedures set forth in the organisational and management regulations of such markets, so as to ensure equal treatment of the Shareholders.

Purchases will therefore be made, exclusively and in instalments, on the Euronext Milan market (formerly Electronic Share Market) organised and managed by Borsa Italiana S.p.A., according to operating procedures established by the latter that do not allow the direct matching of trading proposals for purchase with predetermined trading proposals for sale.

F. Minimum and maximum prices

With reference to the fee for the purchase operations, the price of each of the treasury shares, including ancillary purchase costs, must be within the lower limit of not less than 5% (five per cent) and the upper limit of not more than 5% (five per cent) of the official price recorded by the share on the Euronext Milan market on the day prior to the purchase. This range is proposed in compliance with the rules of the Italian civil code that require the minimum and maximum price to be defined.

In any case, the price may not be higher than the higher of the last and the current independent purchase bid on the market.

Resolution proposed to the Assembly

In light of the above, the Board of Directors submits the following resolution proposal to the Shareholders' Meeting for approval:

The Ordinary Shareholders' Meeting of TIM S.p.A.,

- having examined the explanatory report of the Board of Directors
- having examined the financial statements as at 31 December 2022 just approved

resolved

1. to authorise, pursuant to Articles 2357 and 2357-ter of the Italian Civil Code and Articles 132 of the CLF and 144-bis of the Issuer Regulation, and in compliance with the trading conditions set forth in Article 3 of the Delegated Regulation implementing the MAR, the purchase of a maximum number of 135,000,000 Telecom Italia S.p.A. ordinary shares, without nominal value, (the "Shares") and the performance of acts of disposal of the same, as well as those purchased on the basis of previous plans to purchase treasury shares, at the following conditions:
    i. the authorisation is limited to purchases to be made to service the Short-Term Incentive Plan (MBO) 2023 and the Long-Term Incentive Plan 2023-2025 (the 'Plans');
    ii. the purchase price of each of the Shares, including ancillary purchase costs, must be within the lower limit of not less than 5% (five per cent) and the upper limit of not more than 5% (five per cent), of the official price recorded by the share on the Euronext Milan market (formerly Electronic Share Market) on the day prior to the purchase;
    iii. the Company may purchase the Shares, in one or more instalments, within 18 months of the date of this resolution;
    iv. purchases will be made within the limits of the distributable profits and available reserves resulting from the last duly approved financial statements;
    v. the purchase of the Shares will be carried out on regulated markets, pursuant to Article 132 of the Consolidated Law on Finance and Article 144-bis, subsection 1, letter b) of the Issuer Regulation, in accordance with the operating procedures set forth in the organisational and management regulations of such markets, so as to ensure equal treatment of the Shareholders. Purchases will therefore be made, exclusively and in instalments, on the Euronext Milan market organised and managed by Borsa Italiana S.p.A., according to operating procedures established by the latter that do not allow the direct matching of trading proposals for purchase with predetermined trading proposals for sale.
    vi. the Shares may be allocated without limitations of time, free of charge, to the beneficiaries of the Plans, subject to compliance with the laws and regulations in force at the time;
2. to authorise, without time limits, the allocation of the Shares acquired pursuant to this authorisation, or in any case in TIM's portfolio, to service the Plans, as well as - in case of any surplus - to service any other remuneration and incentive plans approved by the Shareholders' Meeting and/or their sale on the market or outside it, possibly even through the transfer of rights in rem and/or personal rights including, by way of example only, securities lending, for the purposes permitted by law and at the terms, methods and conditions of the deed of disposal of treasury shares deemed most appropriate in the Company's interest;
3. to appoint the Chairman of the Board of Directors and the Chief Executive Officer, also severally and with the power to sub-delegate:

i. to execute today's resolution by, inter alia, identifying the reserve funds to be used for the purchase of treasury shares, and to proceed with the consequent accounting pursuant to law, as well as to dispose of the treasury shares already available in the company's assets for the best execution of this resolution;
ii. to establish the methods, timing and all the implementation and ancillary terms for the best execution of this resolution, to such purpose making all the appropriate evaluations and verifications and handling all the related duties, requirements and formalities, none excluded or excepted; and
iii. to deal with any other formalities relating to the disposal operations referred to in this resolution, including the possible granting of appointments to legally qualified brokers and with the power to appoint special agents.