



**SHAREHOLDERS' MEETING ON MARCH 31
2021**

**REPORTS AND PROPOSED RESOLUTIONS OF THE BOARD
OF DIRECTORS**

- **Financial statements as at 31 December 2020 – Approval of the documentation on the financial statements**
 - **Financial Statements as at 31 December 2020 – Allocation of profits and losses for the year**
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Dear Shareholders,

the draft financial statements for the year ending 31 December 2020 confirm the sustainability and robustness of TIM S.p.A.'s business plan, which has been capable of positive net results despite the extraordinary investment effort needed to deploy new network technologies amid a pandemic that has resulted in global economic crisis, weighing on the industry, albeit to a lesser extent than in other sectors. The Parent Company's consolidated profit is accompanied by a further reduction in Adjusted Net Debt, outperforming the targets of the 2020-2022 planning cycle.

With a total profit for the year of 7,161,469,044.90 euros (resulting from the various components set out analytically in the financial report), the distribution of dividends to both categories of shareholders has been confirmed in line with last year's distribution. Therefore, following the allocation of 22,422,995.42 euros to the legal reserve, the proposal is to proceed with a dividend distribution of 0.01 euros per ordinary share and 0.0275 per savings share, as per the category's rights under Article 6 of the Company Bylaws. The amount of the total dividend distributed – without prejudice to the unit amounts indicated above – will vary depending on the number of shares existing at the time, taking into account the capital increases in progress and the number of treasury shares held by the Company (35,179,709 ordinary shares as of today).

The dividend amounts will be payable as of 23 June 2021 to the persons entitled based on the evidence of the share deposit accounts at the end of the record date of 22 June 2021, while the coupon date will be 21 June 2021.

In the draft financial statements, the value of goodwill is realigned for tax purposes pursuant to Decree-Law No. 104/2020, Article 110(8) by placing a tax suspension restriction on a portion of net equity equal to the realigned amount, after deducting the substitute tax due for the realignment, and then proceeding with the resulting accounting records or disclosures.

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

Financial statements as at 31 December 2020 – Approval of the documentation on the financial statements

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.;

resolves

to approve the 2020 financial statements of TIM S.p.A.

Financial Statements as at 31 December 2020 – Allocation of profits and losses for the year

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

- having examined the 2020 financial statements of TIM S.p.A.;
- taking into account the outstanding amount of the legal reserve;
resolves
- to allocate to the legal reserve the amount of 22,422,995.42 euros as needed to bring the total amount of the reserve up to 2,335,400,571.02 euros (equivalent to one fifth of the share capital);
- to allocate part of the profit for 2020 to pay the Shareholders a total dividend calculated based on the following amounts, which will be applied to the number of ordinary and savings shares that they own on the record date (excluding the treasury shares held by the Company):
 - 0.0100 euros (gross of withholding taxes) for each ordinary share,
 - 0.0275 euros (gross of withholding taxes) for each savings share,
- to make the dividend payable starting on 23 June 2021, with a coupon date of 21 June 2021 (record date 22 June 2021);
- to carry forward the residual profit and confer powers to the Board of Directors to proceed with any necessary accounting record or disclosure associated with the tax realignment of the goodwill carrying amount pursuant to Legislative Decree No. 104/2020, Article 110(8).

Report on the remuneration policy and compensation paid

- **Approval of the first section (remuneration policy)**
 - **Non-binding vote on the second section (year 2020)**
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Dear Shareholders,

in view of the Shareholders' Meeting of 31 March 2020, on the basis of the regulatory framework recently updated in accordance with the transposition into national law of Directive (EU) 2017/828 (known as the Shareholders' Rights II Directive), the report on the remuneration policy and compensation paid has been prepared.

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 provides a representation of the items that make up the remuneration of the people mentioned above, with an analytical illustration of the fees paid to them in 2020, shows how the Company has taken into account the shareholders' vote and is subject to a non-binding resolution of the Shareholders' Meeting for or against.

In the light of the above, you are asked to vote separately on the first and second sections of the report, in the terms described above, and 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 the provisions applicable to the report on the remuneration policy and compensation paid,

resolves

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 the provisions applicable to the report on the remuneration policy and compensation paid,

resolves

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

- **Appointment of the Board of Directors - Determination of number of members of the Board of Directors**
 - **Appointment of the Board of Directors - Determination of term of office of the Board of Directors**
 - **Appointment of the Board of Directors – Appointment of Directors**
 - **Appointment of the Board of Directors - Determination of remuneration of the Board of Directors**
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Dear Shareholders,

the term of office of the Board of Directors appointed by the Shareholders' Meeting of 4 May 2018 expires with approval of the financial statements for the year ending 31 December 2020.

In order to renew the administrative body, the Shareholders' Meeting is called on:

- to establish the number of members of the Board, within the limits set by the Bylaws (from 7 to 19 members),
- to appoint them following the procedure laid down in the Bylaws (slate voting);
- to establish the term of office of the Board, up to a maximum of three financial years;
- to establish the remuneration.

In view of the formulation of the various proposals, a specific document has been published (available at www.gruppotim.it/en/investors/shares/agm.html), containing a summary of the applicable regulations and a series of considerations made by the outgoing Board of Directors on the optimal quali-quantitative composition of the Board, which you are invited to take into account. Moreover, as announced to the public, in view of the renewal, the outgoing Board of Directors has decided to make its own proposals and formulate its own slate, in compliance with the procedure that can be consulted at www.gruppotim.it/en/investors/shares/agm.html. Along with the slate and the additional proposals, the Board will file a specific report on the preliminary process completed; similarly, it is recommended that shareholders submit their slates and proposals together with adequate information on the reasons for the choices made. The slate submitted by the Board will compete against those submitted by shareholders. Where it is necessary to supplement the board with the majorities required by law (absolute majority of the capital present at the meeting) the proposal to appoint the unelected candidates included in the properly submitted slates will be put to the vote, starting with the slate that obtains the most votes, following the order in which they are listed, in the number necessary to complete the composition of the board in compliance with the gender balance requirements. It is understood that, once the composition of the board is complete, further proposals to appoint unelected candidates from any other slates shall not be considered.

As for the additional proposals (relating to the number, term of office and remuneration of the Directors), the proposals made by the Board will be voted on first, and only if they are not approved by the Shareholders' Meeting will any proposals made by shareholders be considered, starting with the proposal submitted by shareholders who represent the highest percentage of the capital. It is understood that, once a proposal has been approved, there shall be no more voting on any alternative proposals.

All that said, the outgoing Board of Directors of TIM S.p.A., in view of the Shareholders Meeting of 31 March 2021, pending disclosure of its own slate and the necessary additional proposals (as above),

- recommends that shareholders:
 - exercise in timely fashion their rights to submit slates of candidates for the office of Director of the Company assigned to them by the law and the Company Bylaws;
 - submit, with their slates, where deemed appropriate, reasoned proposals for the number of members of the Board and the duration of its term of office and its remuneration.

Candidates should also provide a photograph and a copy of a personal identification document, and authorise publication of their curriculum vitae on the Company website, ensuring that details they do not wish to be disseminated are not included;

- invites shareholders to vote at due time on the additional proposals published and to make their choice from the slates submitted in compliance with the provisions of the Bylaws.

- **Appointment of the Board of Statutory Auditors - appointment of the standing and alternate auditors**
 - **Appointment of the Board of Statutory Auditors - appointment of the Chairman of the Board of Statutory Auditors**
 - **Appointment of the Board of Statutory Auditors - determination of fees**
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Dear Shareholders,

the term of office of the Board of Statutory Auditors appointed by the Shareholders' Meeting of 24 April 2018 expires with approval of the financial statements for the year ending 31 December 2020.

In order to renew the control body, the Shareholders' Meeting is called on:

- to appoint five Standing Auditors and four Alternate Auditors,
- to appoint one of the Standing Auditors elected from minority slates as Chairman of the Board of Statutory Auditors and
- to determine the Statutory Auditors' annual remuneration.

The above proposals are devolved to the Shareholders, since the Board of Directors shall only call the meeting and provide the following elements of information and recommendations. You are reminded that duration of the Auditors' mandate is established by law as three financial years, and thus until the Shareholders' Meeting called to approve the financial statements at 31 December 2023.

Appointment of the Standing and Alternate Auditors

The Company Bylaws prescribe that five Standing Auditors (two of whom of the less represented gender) and four Alternative Auditors (two of each gender) be appointed. At least two Standing Auditors and one Alternate Auditor must be chosen from among those registered in the register of chartered accountants who have acted as external auditors for a period of no less than three years. The remaining (Standing and Alternate) Auditors must have accrued at least three years' experience of:

- administration and control activity, or have held executive roles in limited liability companies with share capital of no less than two million euros, or
- professional activity or permanent university teaching of legal, economic, financial or technical-scientific subjects closely connected to the activity of the enterprise, or, further,
- senior management roles in public or government bodies operating in the banking, finance or insurance sectors or sectors otherwise closely connected to the sector in which the enterprise conducts its activity.

According to the Company Bylaws, the following sectors of activity and subjects are considered to be closely linked to that of the Company: activities and subjects related to telecommunications, information technology, telematics, electronics and multimedia technology, as well as matters related to private and administrative law, economics and business administration. Still on the subject of requirements, the applicable legislative framework should be considered as supplemented, with reference to independence, by the criteria laid down in the Corporate Governance Code of companies with shares listed on the Electronic Share Market managed by Borsa Italiana, to which TIM adheres. Finally, in light of the company's business, it is advisable for the members of the control body to individually possess the requisites to sign contracts with government bodies and to undertake activities subject to authorisation.

Renewal takes place on the basis of slates divided into two sections respectively for Standing Auditors and for Alternate Auditors. The first candidate in each section is selected from among chartered accountants entered in the appropriate register who have worked on external audits for at least three years. In each section, if there are three or more candidates, the presence of both genders must be ensured, in such a way that candidates of the less represented gender are at least one third of the total, rounding any fractions up to the next whole number.

Slates may be submitted by 06 March 2021 by shareholders who, alone or jointly with others, hold a total number of shares that represents at least 0.5% of the capital with voting rights in the Ordinary Shareholders' Meeting. If only one (or no) slate has been validly submitted by 6 March, or the only slates submitted are from shareholders with an affiliate relationship, the submission deadline shall be extended to 9 March 2021 and the entitlement threshold halved to 0.25%. In any event, the Company must obtain the communications of entitlement to vote from the intermediaries by 10 March 2021.

Each shareholder may only submit a single slate, alone or jointly with others, providing information on its identity and the percentage of the total shareholding it holds, and shall also declare any connecting relationships, including indirect relationships, with the relative majority shareholder. Together with the slate, for each candidate an acceptance of the candidacy and a statement that they possess the requirements (including compliance with the limit on the number of offices held, as per the Consob regulation) and a curriculum vitae must be filed.

In the shareholders' meeting,

- three Standing Auditors and two Alternate Auditors will be appointed from the slate that obtains the most votes (the “majority slate”), in the order in which they are listed on the slate;
- two Standing Auditors and Two Alternate Auditors will be appointed from the remaining slates (the “minority slates”), after the assignment of a quotient obtained by dividing the number of votes for the slate by one and by two to the candidates, in the order they are listed in their slate, and selecting the candidates with the highest quotients, for the Standing Auditor and the Alternative Auditor roles, separately.

If this method does not produce gender balance, the last candidates elected from the majority slate of the more represented gender shall be replaced by the top unelected candidates of the less represented gender on the same slate. In the absence of candidates of the less represented gender on the majority slate, the Shareholders' Meeting shall supplement the Board of Statutory Auditors by a vote decided by absolute majority of the share capital represented at the meeting, thus ensuring that the requirement is met. To this end, and each time it is necessary to resolve with the legal majorities to complete the composition of the board of statutory auditors, the proposal to appoint the unelected candidates included in the properly submitted slates will be put to the vote, starting with the slate that obtains the most votes, following the order in which they are listed, in the number necessary to complete the composition of the board in compliance with the gender balance requirements.

Appointment of the Chairman of the Board of Statutory Auditors

The slate voting mechanism is intended, by law, to ensure that some Auditors are elected by the “*minority shareholders not directly or indirectly associated with shareholders who submitted or voted for the slate that came first in terms of number of votes*” (in accordance with article 148 of Legislative Decree No. 58/1998). The law also prescribes that the Chairman of the Board of Statutory Auditors is to be appointed by the Shareholders' Meeting from amongst the Standing Auditors “elected by the minority”, and the Company Bylaws interprets this to refer to the Standing Auditors appointed from the minority slates.

To this end, shareholders are invited to indicate expressly their candidate for the office of Chairman of the board should the slate prove to be a “minority slate”.

The Shareholders' Meeting shall resolve on this matter by an absolute majority of share capital represented at the meeting. If there is more than one useful proposal, the proposal made by shareholders who submitted the minority slate that received the most votes will be voted on first. It is understood that, once a proposal has been approved, there shall be no more voting on any alternative proposals.

Determination of the remuneration

The annual remuneration of the Statutory Auditors is determined by the Shareholders' Meeting for the full duration of their term of office, with the absolute majority of share capital represented at the meeting. If there is more than one useful proposal, the one made by shareholders who hold the most shares will be voted on first. It is understood that, once a proposal has been approved, there shall be no more voting on any alternative proposals.

Together with the slate, shareholders are invited to submit a remuneration proposal, which by practice sets apart the remuneration of the Chairman from the remuneration of the remaining Standing Auditors. In this regard, attention is drawn to the fact that – as per the organisational model adopted by TIM pursuant to Legislative Decree 231/2001 effective as of 1 April 2020 – a Standing Auditor will be called on to serve on the Supervisory Body of the Company. When formulating the remuneration proposal, it is therefore recommended to set, in addition to the “basic” remuneration to be paid to the Chairman of the board and all other Standing Auditors, an additional fee for the Standing Auditor chosen to perform this role.

For information purposes only, note that the remuneration of the outgoing Board of Statutory Auditors was established by the Shareholders' Meeting of 24 April 2018 (in keeping with the previous mandate) at 95,000 euros gross per year for each Standing Auditor and 135,000 euros gross per year for the Chairman of the Board of Statutory Auditors. At the time, the participation of a Statutory Auditor in a separate Supervisory Body was not provided for, in that the relative duties were performed directly by the Board of Statutory Auditors.

In view of all this, the Board of Directors of TIM S.p.A., in view of the Shareholders' Meeting to renew the Board of Statutory Auditors,

- recommends that shareholders:
 - exercise their rights to submit slates of candidates for the office of Statutory Auditors of the Company in a timely fashion, as per the law and the Company Bylaws;
 - submit, with the slates, additional proposals regarding the person to act as Chairman, and regarding the remuneration of the Board of Statutory Auditors members.

Candidates should also provide a photograph and a copy of a personal identification document, and authorise publication of their curriculum vitae on the Company website, ensuring that details they do not wish to be disseminated are not included;

- invites shareholders to make their choice from the slates submitted in compliance with the provisions of the Bylaws and to vote on the additional proposals published.