



SHAREHOLDERS' MEETING ON 4 MAY 2018

*REPORT AND PROPOSED RESOLUTIONS  
OF THE BOARD OF DIRECTORS*



TIM S.p.A.

A company directed and coordinated by Vivendi S.A.

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Share capital 11,677,002,855.10 euros fully paid up

Tax Code/VAT Registration Number and

Milan Business Register Number 00488410010

*REPORT AND PROPOSED RESOLUTIONS  
OF THE BOARD OF DIRECTORS*

(The Report is available on the website [www.telecomitalia.com](http://www.telecomitalia.com))

- Appointment of the Board of Directors - Determination of the number of members of the Board of Directors
  - Appointment of the Board of Directors - Determination of the Board of Directors' term of office
  - Appointment of the Board of Directors - Appointment of the Directors by slate vote
  - Appointment of the Board of Directors- Determination of the remuneration of the Board of Directors
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Dear Shareholders,  
following the resignations

- of Giuseppe Recchi, Director, with effect from 22 March 2018, and
- of Directors Arnaud de Puyfontaine, Camilla Antonini, Frédéric Crépin, Felicité Herzog, Anna Jones, Marella Moretti and Hervé Philippe with effect from 24 April 2018.

from that date, the conditions set out in article 9.10 of the Company Bylaws will apply. The article states that *"Any time a majority of the members of the Board of Directors should cease to hold office, for any cause or reason, the remaining Directors shall also be understood to have resigned, and will cease to hold office from the moment the Board of Directors is reconstituted by appointment by the shareholders' meeting."* The Board of Directors has therefore called a Shareholders' Meeting for the renewal of the whole Board.

As is the practice, the outgoing Board of Directors leaves the candidacies entirely to the shareholders (and will not present its own slate), as well as the related additional proposals concerning the composition of the board (currently established at 15 members), its term of office and its remuneration. With reference to the aspects devolved to the shareholders, the latter are advised to take account of the following considerations, in substantial continuity with the recommendations made on the occasion of the last renewal (Shareholders' Meeting of 4 May 2017).

Pursuant to the Bylaws, the Board may have from 7 to 19 Directors. During the annual board review, the current number, 15 members, was considered adequate, by a broad majority, it having been noted - inter alia - that this enables the Board itself to have broad mix of professions and backgrounds.

The size of the remuneration (which we suggest should be fixed as a total amount, net of remuneration for special responsibilities, leaving it to the Board to establish the methods of allotment among its members, based on the distribution of work according to the internal organisation the Board of Directors wishes to establish) must be commensurate with the size of the body. You are reminded that the amount authorised will in any event represent a maximum figure, not all of which will necessarily be used, given that, going forward, it will also be possible to review and update the choices and arrangements, adapting them to changes in circumstances, to safeguard the efficiency and effectiveness of the Board. You are also reminded that, according to the Bylaws, the Directors of TIM are entitled to reimbursement of expenses incurred in the exercise of their functions; the Company adopts the policy of aligning these with the provision made for top management. For completeness, it should be noted that members of the Board benefit from civil liability (professional risks) insurance, drawn up as a "claim first made" policy, which is renewed annually and covers all managers and members of the management bodies of the companies of the Group (Parent Company and subsidiaries).

The complexity of the Company suggests that, in principle, the length of the mandate should be confirmed as a three year term, which is the maximum allowed by the law, in other words until the approval of the financial statements as at 31 December 2020.

Finally, with regard to candidacies for the office of Director, slates may be presented by, in addition to the outgoing Board, shareholders holding at least 0.5% of the capital with voting rights: each shareholder may submit, or jointly submit, only one slate. Slates (accompanied by acceptances of candidacy by the individual candidates, personal declarations attesting possession of the prescribed requirements and any other declaration required by the applicable regulations, as well as a curriculum vitae) must be filed by Monday 9 April 2018, while the deadline for receipt by the Company of communications from intermediaries, proving the possession of shares, is Friday, 13 April 2018.

Composition requirements for slates are (i) the presence of candidates who qualify as independent according to the law and/or the Corporate Governance Code, so that at least half of the members drawn from each slate possess the relevant requirements and, in the event that the number of candidates is three or above, (ii) the presence of candidates of both genders, so that the candidates of the less represented gender make up at least a third of the total (with rounding up to the next higher number in the case of a fractional number). Furthermore, according to the provisions of TIM's Corporate Governance Principles, (which may be found at [www.telecomitalia.com](http://www.telecomitalia.com)), acting as a director of the Company is not considered compatible with being a director or statutory auditor in more than five companies (other than those under the direction and coordination of TIM or controlled by or affiliated to TIM) which are listed companies included in the FTSE/MIB index and/or mainly operate in the financial sector dealing with the public, and/or companies that perform banking or insurance activities; where executive offices are concerned in companies with the characteristics listed above, the limit is reduced to three. If a Director holds office in more than one company belonging to the same Group, only one office held within that Group shall be taken into account when calculating the number of offices. There are, however, no age limits for candidates nor limits to the number of mandates, nor are there any professional requirements.

2/3 of the seats (with rounding down to the next whole number) are assigned to the slate which obtains the most votes (the "majority slate"), according to the order in which the candidates are listed, and the remainder to the "minority slate", according to the "quotients method": (i) a single ranking of all the candidates on the various slates, based on the assigned quotients, obtained by dividing the number of slate votes by the corresponding position number of the candidate in the particular slate, and (ii) the appointment, in order, of the candidates with the highest quotients. Moreover:

- at least half of those elected from each slate (with rounding up to the nearest whole number) must possess the requirements for independence, with a repêchage mechanism within the same slate and, as an alternative, an absolute majority vote in the Shareholders' Meeting;
- at least a third of the Board as a whole (with rounding up to the nearest whole number) must be made up of directors of the less represented gender, with a substitution and repêchage mechanism within the majority slate, and recourse to independent candidates if the candidate to be replaced is classified as independent. In the absence of candidates of the said gender (possessing, if necessary, the requirements for independence) on the majority slate, the last elected candidates of the more represented gender must be replaced, by a separate absolute majority vote of the Shareholders' Meeting;
- at least one Director must be appointed from the minority slate which obtained the largest number of votes and is not connected with the shareholders who presented or voted for the slate which came first by number of votes. Consob recommends that all those submitting minority slates provide a declaration that they have no links with the controlling or major shareholder (at present: Vivendi S.A.).

The rules summarised above address the issue of gender balance (pursuant to the law), but also of the independence of the Board as a whole, and in general of the pluralism of the constituencies invited to propose candidates and, by their votes, to appoint the Company's Directors; and thus that the interests of all the shareholders are considered.

As for the quality of the candidates, and the professional, cultural and background mix considered to be optimal for correct and effective operation, the Board of Directors, in light of the board review, considered that this could be improved, although it did not consider possible alternatives, since at that time there was no prospect that the board would be renewed immediately. In the past the board had already decided that, in terms of background, management experience was to be preferred, ideally combined with prior experience on boards of listed companies. An international perspective is useful, but above all it is important there is an equilibrium between the various members that will ensure an internal dialogue, without being damaging to the Board's efficiency of operation: specialist individual skills must not work to the detriment of the functionality of the decision-making process of the Board as a whole, and can anyway be contributed by internal structures or, if need be, by external consultants, while an open attitude to factual discussion and a willingness (and time) to work within a body whose *modus operandi* is based on the principle of collegiality are essential. Finally, it should be remembered that in light of the company's activity, the members of the administrative body should have the requisites to individually possess the requisites to sign contracts with government bodies and to undertake activities that are subject to authorisation; at least one must have only Italian citizenship, and possess (or be in a position to be granted) an "NOS" (security clearance).

As in the past, the Board's recommendation, for an orderly, functional and informed selection process for new Directors, is completeness and transparency in the presentation of the personal characteristics of the candidates and in the representation of their relations, in a broad sense, with the Company (and its subsidiaries), the relative majority shareholder, those who present the slate, and the external auditor, with reference to the serving external auditor (PricewaterhouseCoopers) and also, it is to be recommended, to the candidates identified by the Board of Statutory Auditors in view of the appointment of an external auditor for the period 2019-2027. It is desirable that the curricula should give a substantial picture of the candidates' characteristics, highlighting the important aspects for the potential contribution that the candidates might make to the activities of the Board of Directors to be assessed. Regarding the candidates proposed as independent, the considerations underlying their qualification as such should be set out, to allow the shareholders and the market to form their own opinion of this aspect. It is also advisable to consider and report in detail any activities undertaken by the candidates through companies over which they exercise control or in which they hold a significant stake or in which they qualify as key managers, or through professional associations of which they are members, with TIM (and its subsidiaries), and the majority shareholder, the remaining major shareholders, those who submit the slate, the corresponding management, both executive and with strategic responsibilities, and the network of the external auditor (current and future).

Having stated all of the above, the outgoing Board of Directors of TIM S.p.A., in preparation for the Shareholders' Meeting on 4 May 2018, recommends that shareholders should:

- timely exercise their rights to submit slates of candidates for the office of Directors of the Company assigned to them by the law and the Company Bylaws;
- submit, with their slates, reasoned proposals for the number of members of the body and the duration of its term of office, and on its remuneration.

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

