



2019 REPORT ON CORPORATE
GOVERNANCE AND SHARE OWNERSHIP
OF TIM S.P.A.

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*Pursuant to art. 123-bis of Italian Legislative Decree no. 58 of February 24, 1998 (CLF)
(This document was approved by the Board of Directors on March 10, 2020 and is available on the Company's website
www.telecomitalia.com)*

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
Certified e-mail box (PEC): telecomitalia@pec.telecomitalia.it
Share capital 11,677,002,855.10 euros fully paid up
Tax Code/VAT and Registration Number
Milan Monza-Brianza Lodi Business Register Number 00488410010

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GLOSSARY

Sustainability Report: the document approved annually by the Board of Directors of the Company and based on the Sustainability Reporting Guidelines of the Global Reporting Initiative, containing the consolidated non-financial statement of TIM S.p.A., pursuant to legislative decree no. 254/2016.

Corporate Governance Code (or Borsa Code): in this document the version of the Corporate Governance Code of listed companies referred to is the version approved in July 2018 by the Committee for Corporate Governance and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria, accessible to the public on the Italian Corporate Governance Committee website via the link <http://www.borsaitaliana.it/comitato-corporate-governance/codice/codice.htm>.

Italian civil code: The Italian civil code

Corporate Governance Principles: the document setting out the rules on corporate governance established by the Board of Directors of the Issuer, to supplement and complement the provisions of the Borsa Code to which the Company adheres

Consob Issuers' Regulation: the issuer's Regulation issued by Consob through resolution no. 11971 of 1999 (as subsequently amended).

Consob Related Party Regulations: the related party Regulation issued by Consob through resolution no. 17221 of March 12, 2010 (as subsequently amended).

Report: the report on corporate governance and share ownership, drawn up pursuant to art. 123-bis CLF.

Remuneration Report: The remuneration report drawn up pursuant to Art. 123-ter CLF.

Consolidated Law on Finance/CLF: Legislative Decree no. 58 of February 24, 1998.

TIM, Telecom Italia, Issuer or Company: Telecom Italia S.p.A., also called TIM S.p.A, an Italian joint stock company, with registered office in Milan at Via Gaetano Negri 1, and General Administration and Secondary Office in Rome at Corso d'Italia 41 – Corporate Website www.telecomitalia.com Commercial Website www.tim.it

1. INTRODUCTION

The purpose of this Report is to provide an illustration of Telecom Italia's corporate governance system and ownership structure, in compliance with the provisions of Article 123-bis of the Consolidated Law on Finance (CLF) and the applicable laws and regulations regarding disclosures on compliance with codes of conduct.

The report is prepared in compliance with the provisions of paragraphs 1 and 2 of the above mentioned art. 123-bis, and on the basis of the Corporate Governance Code, to which the Company adheres. Non-alignment or partial alignment with specific provisions of the Corporate Governance Code is justified in the section of the Report which deals with the governance practice otherwise applied by the Company, as per the comparison table in the appendix. The information contained in the Report refers to the 2019 financial year or, where indicated, to the date of the Board of Directors' meeting that approved it (March 10, 2020); for details on remuneration, please see the Remuneration Report; for social responsibility matters, please see the Sustainability Report.

The Company is verifying the contents and planning the alignment activities necessary to adapt its governance structures and documents to the Italian legislation transposing EU Directive 2017/828 (so-called Shareholders Rights II) and the new Corporate Governance Code, adopted by the Corporate Governance Committee of Borsa Italiana in January 2020.

2. INFORMATION ON SHARE OWNERSHIP

a) Share capital structure

The structure of the subscribed and paid-up share capital, amounting to 11,677,002,855.10 euros at December 31, 2019, is set out in Table 1 – Information on share ownership.

In relation to the share-based incentive plan called the "2014-2016 Stock Option Plan", and the increase in capital to service it, see the note "Remuneration plans in the form of shareholdings in the capital" in the separate financial statements of the Company as at December 31, 2019 and the corresponding disclosure document that may be consulted in About Us section, *Remuneration* channel on the website www.telecomitalia.com.

The issuance documentation of the convertible bond entitled "€2,000,000,000 1.125 per cent. Equity-Linked Bonds due 2022" can be consulted on the website www.telecomitalia.com, Investors section, Debt and rating/*Financial Profile* channel.

b) Restrictions on transfer of securities

There are no limitations under the Company By-laws on the transfer of securities issued by the Company. For a description of the special powers of the State, please refer to the following letter k) ("Special powers of the State").

c) Significant shareholdings

Significant holdings in the ordinary capital of TIM are shown in Table 1 – Information on share ownership.

d) Securities that confer special rights

The By-laws do not envisage shares with multiple or enhanced voting rights, and the Company does not issue securities that confer special control rights.

For a description of the special powers of the State, please refer to the following letter k) ("Special powers of the State").

e) Employee shareholdings: mechanism for exercising voting rights

There are no specific procedures or limits to the exercise of voting rights for shares arising from employee share plans.

f) Restrictions on voting rights

There are no restrictions on voting rights of shares constituting the ordinary share capital of TIM. Savings shares are granted the right to vote only at the special shareholders' meetings for that class of shares. For a description of the special powers of the State, please refer to the following letter k) ("Special powers of the State").

g) Shareholders' Agreements

The Company is not aware of any shareholders' agreements pursuant to article 122 of the CLF.

h) Change of control clauses and statutory provisions on Tender Offers

In a series of agreements to which TIM and/or its subsidiaries are party, a change of control means an amendment or extinction of the relationship. The situations not subject to contractual confidentiality constraints in which the change of control is significant are reported below.



Regarding the financing relationships set out below:

- The *Revolving Credit Facility* taken out with a syndicate of banks on January 16, 2018 for 5 billion euros, expiring on January 16, 2023, currently not used,
- The Facility Agreement signed with ICBC - Industrial & Commercial Bank of China on July 6, 2015 for 120 million euros, expiring on July 6, 2020 (this Agreement was amended on June 15, 2018, by increasing the amount of the loan to 160 million euros and extending the expiry date to June 15, 2021),
- Facility Agreement signed with Intesa Sanpaolo S.p.a. on July 10, 2018, for 500 million euros expiring on July 10, 2021,
- Facility Agreement finalized with Commerzbank AG on July 11, 2018, for the amount of 100 million euros expiring on July 11, 2021,
- Facility Agreement signed with Banca Nazionale del Lavoro S.p.a. on August 1, 2018, for 100 million euros expiring on August 1, 2021,
- Facility Agreement signed with Sumitomo Mitsui Banking Corporation Europe Ltd on December 21, 2018 for 200 million euros expiring on February 28, 2022,
- Facility Agreement signed with Bank of America Merrill Lynch on February 26, 2019 for 175 million euros expiring on February 24, 2022,
- Schuldschein Agreement signed on October 29, 2019 for a total amount of 250 million euros, of which 229 million euros expiring on October 29, 2023 and 21 million euros expiring on October 29, 2025,
- Facility Agreement signed with Banco Santander SA on July 31, 2019, for 250 million euros expiring on July 31, 2023,

in the event of change of control, the bank (or the agent, on behalf of the financing banks) will negotiate in good faith the terms for continuing the relationship within a period of 30 days, at the end of which a bank with which agreement has not been reached may ask for reimbursement for the quota of financing it provided, and/or the cancellation of the quota relating to its commitment. No *change of control* arises should the control be acquired (i) by shareholders that, at the date of signing the agreement, directly or indirectly, held the percentage of voting rights at the shareholder's meeting that is specified in the individual contracts, or (ii) by the direct or indirect majority shareholder, or by any entity that is an investee or a subsidiary of said shareholder as at the signing date, or (iii) by a combination of subjects belonging to these two categories.



Compliance with the following ISDA Master Agreements signed by TIM and/or its subsidiaries:

- Bank of China, with which there are currently no underlying contracts,
- Merrill Lynch International, whose underlying contracts expire on November 15, 2033 and a total notional amount of 174 million euros,
- Natixis, whose underlying contracts expire finally on July 18, 2036 and a total notional amount of 479 million euros,
- SMBC (Sumitomo Mitsui Banking Corporation) whose underlying contracts expire on September 30, 2034 and a total notional amount of 180 million euros, and

- UniCredit, whose underlying contracts expire on July 18, 2036 and a total notional amount of 2.6 billion euros, if a change of control event occurs, giving rise to a substantial worsening of the Company's credit rating, the counterparty is entitled to terminate the contracts with twenty day notice.



The regulations of the fixed rate equity-linked loan, optionally convertible into newly issued ordinary TIM shares (Equity linked Bond - Convertible), issued by TIM in 2015, for 2 billion euros, with maturity 2022, envisage that the bond-holders have the right to request, within the 60 days following the communication of the change of control, alternatively, (i) the conversion, or (ii) the repayment in cash of the par value of the loan and the accrued interest. No change of control arises if control is acquired (i) by shareholders who, at the date of issuing the loan, held more than 13% of voting rights at the shareholder's meeting, directly or indirectly, or (ii) by the parties to the Telco shareholder's agreement (now no longer in force: Generali Group, Mediobanca S.p.A., Intesa Sanpaolo S.p.A. and Telefónica S.A.), or (iii) by a combination of parties belonging to these two categories.



With respect to relations with the European Investment Bank (EIB), in contracts entered into in 2014, 2015 and 2019, for a total amount of 950 million euros, the obligation was specified for TIM to notify the EIB immediately of any substantial alteration regarding the Company Bylaws or its share ownership. Failure to provide this notification, after a notice to comply, entails the termination of the contract. In the contract signed in 2014 a change of control is not brought about if control is acquired (i) by any shareholder who at the date of the contract holds directly or indirectly at least 13% of the voting rights in the ordinary shareholders' meeting or (ii) by the investors Telefónica S.A., Assicurazioni Generali S.p.A., Intesa San Paolo S.p.A. or Mediobanca S.p.A. or their subsidiaries. In the contract signed in 2015 and 2019 there is no change of control if control is acquired directly or indirectly by: (i) any shareholder of TIM who at the date of the contract, directly or indirectly holds at least 13% of the rights to vote in an ordinary shareholders' meeting, or (ii) any shareholder who at the date of the contract, directly or indirectly, holds the majority of the rights to vote in the ordinary shareholders' meeting.

If a change of control should occur, in all the contracts in question the EIB is entitled to request early repayment of the loan after the expiry of a period within which any consultations that might be requested by the EIB are to be held.



The duty to communicate the change of control, provided for by Italian law on licences, is contained in the general authorisation certificates granted to TIM for operating and providing the network and for offering electronic communications services and is also regulated in articles 1 and 2 of Decree Law no. 21 of 15 March 2012 on special powers regarding corporate structures in the defence and national security sectors, as well as for activities of strategic importance in the energy, transport and communications sectors.



The By-laws do not contain derogations of the regulations on the passivity rule, nor of the so-called neutralisation rules in the case of public offerings to purchase or exchange securities issued by TIM.

i) Powers to increase share capital and authorisations of share buy-backs

There are no authorizations to increase the share capital, nor to purchase treasury shares. The Board of Directors cannot issue equity instruments.

TIM owns 37,672,014 ordinary treasury shares; Telecom Italia Finance owns 126,082,374 TIM ordinary shares.

j) Direction and coordination

TIM is not subject to the management and coordination pursuant to articles 2497 et seq of the Italian Civil Code.

k) Special powers of the State

Promulgation of the so-called "Golden Power" Decrees, aimed at granting the State special powers on corporate structures in the Defence and National Security sectors, as well as on activities of strategic importance in the Telecommunications sector, affects public-private relations, with a view to enhancing the institutional purpose pursued through the technological assets and services included in the Golden Power perimeter.

Furthermore, as per the Order of the Presidency of the Council of Ministers made on September 28, 2017, the Company is subject to the obligations set out in decree law no. 21/2012, ratified with amendments by Law 56/2012, (the "Golden Power" decree) as it:

- performs "activities of strategic importance for the national security and defence system" (as per article 1 of the Golden Power Decree) and
- possesses networks and equipment "necessary to ensure the minimal supply and operation of essential public services" and goods and relationships of "strategic relevance for the national interest" in the communications sector (as specified in art. 2 of the Golden Power Decree).

The disciplinary framework relating to TIM involved a first phase in 2017 with the issue of the Presidency of the Council of Ministers Decree of 16 October and 2 November. Said legislation then supplemented by Law no. 41 of 20 May 2019, which introduced a series of additional measures relating to broadband electronic communications services based on 5G technology.

With an Order made on October 16, 2017 the Presidency of the Council of Ministers exercised the special powers prescribed in article 1 of the Golden Power Decree through the imposition of specific prescriptions and conditions applicable to TIM and its subsidiaries Sparkle and Telsy. The measures relate to governance and organization. In particular, the Presidency of the Council of Ministers imposes the presence on the Board of Directors of each company of a Director of Security (currently the CEO) and the establishment of a Security Organization. This organisational unit undertakes activities that are relevant for national security and is involved in all decision-making processes relating to strategic activities and the network. It must be run by a security officer chosen from a trio of names proposed by the Department of Information for Security at the Presidency of the Council of Ministers. TIM, Sparkle and Telsy must also provide prior information (i) on every decision that might, inter alia, reduce or transfer technological, operational or industrial capacity in strategic activities and (ii) on corporate decisions (appointments, disposals, etc) and provide information on development, investment and maintenance plans for networks and plants in order to preserve their functionality and integrity. There is also an obligation to report every action by the company that could have an impact on their security, availability and functioning.

With an Order made on November 2, 2017 the Presidency of the Council of Ministers imposed further specific prescriptions and conditions on TIM, exercising the special powers prescribed in article 2 of the Golden Power Decree.

Finally, Law no. 41/2019 imposed the exercise of the special powers of the State with reference to the supply of 5G technology with non-European production, recognising that these communication services are activities of strategic importance for the defence and national security system.

3. COMPLIANCE

TIM is a limited company with registered office in Italy, subject to Italian and European Community law. In relation to the listing on the stock exchange of some of the financial instruments issued, it has to comply with the corresponding regulations.

TIM adheres to the Corporate Governance Code of Borsa Italiana.

TIM does not fall within the definition of SMEs pursuant to art. 1, paragraph 1, letter w-quater of the CLF and art. 2-ter of the Consob Issuers' Regulation.

It should be noted that during 2019, the procedure for delisting and deregistration of the Company's ordinary and savings shares (formerly listed on the New York Stock Exchange through ADR programs) from the US market was completed. The decision to leave the US market is consistent with the Company's objectives of simplification and cost savings, without prejudice to the Company's high standards of corporate governance and the maintenance of complete and transparent economic and financial reporting.



At December 31, 2019 the subsidiaries of TIM included the Tim Brasil Group companies, of which Tim Participações S.A. is a company registered and listed in Brazil, and also registered with the US Securities and Exchange Commission and listed on the New York Stock Exchange. The corporate governance structure of TIM is not affected by the legal provisions governing Tim Participações.

4. BOARD OF DIRECTORS

4.1 Appointment and replacement

In accordance with Article 9 of the Bylaws, the Board of Directors (composed of a minimum of 7 to a maximum of 19

Directors) is appointed on the basis of slates submitted by shareholders holding a total of at least 0.5% of the ordinary share capital, regardless of the shareholding annually set by Consob (which in 2019 and 2020 was 1% of voting capital).

Two thirds of the directors to be elected shall be chosen from the slate which has obtained the greatest number of votes (the "Majority Slate"), in the order in which they are listed on said slate, rounding any fractions down. The remaining Directors shall be chosen from the other slates according to the "quotients" method.

At least half of the directors chosen from each slate (with rounding up) must fulfil the requirements of independence specified in art. 148 of the CLF and/or the Corporate Governance Code. If necessary, the last candidates elected from a slate that do not fulfil these requirements will be replaced, in order, by the first of those not elected from the same slate who fulfil said requirements; in the absence of a sufficient number of independent candidates in a slate to be able to make the replacements, the Shareholders' Meeting shall complete the board by resolution passed with the legal majorities, ensuring that the requirement is fulfilled.

Following entry into force of Law no. 160 of 27 December 2019 (the so-called 2020 Budget Law), which increases the share to be allocated to the least represented gender in the corporate bodies of listed companies to two-fifths, an amendment to the current provisions of the Bylaws (which currently provides for a gender ratio of no less than 1:3) will be proposed to the next Shareholders' Meeting, in order to bring it into line with the new legislation.

For a description of the special powers of the State, relevant for the composition of the Board of Directors, please refer to paragraph 3, (k) ("Special powers of the State").

Succession Plans

The Board of Directors has a procedure for planning the succession of Executive Directors, assigning the content, updating and monitoring of the succession plan to the Nomination and Remuneration Committee, which utilises the support of the company structure responsible for human resource management. This is a cyclical activity, with no pre-defined frequency, on which the Committee reports to the Board of Directors.

If an Executive Director must be replaced early, the Nomination and Remuneration Committee formulates a non-binding recommendation which it passes on to the Board. Moreover, it has been established that, when the Chief Executive Officer ceases to hold office, his or her powers are as a rule temporarily assigned to the Chairman until the new Chief Executive Officer takes office; where it is the Chairman who ceases to hold office, his or her replacement as chairman of the board is regulated by the Bylaws (which provide for the Vice Chairman, if appointed, to take the role), while any management powers will as a rule be assigned to the Chief Executive Officer until the new Chairman takes office.

4.2 Composition

Table 2 provides information on the Directors in office during 2019.

The Board of Directors was entirely renewed by the Shareholders' Meeting of May 4, 2018. At that meeting, the number of board members was determined at 15 and their term of office was determined in three financial years (until the shareholders' meeting called to approve the financial statements for the year ended December 31, 2020). Of the two slates submitted pursuant to the Bylaws, respectively by the relative majority shareholder Vivendi S.A. and by Elliott International LP, Elliott Associates LP and The Liverpool Limited Partnership, the latter obtained the highest number of votes (48.94% of voting capital in the Shareholders' Meeting). Therefore, the 10 candidates listed on the slate were appointed as members of the Board: Fulvio Conti, Alfredo Altavilla, Paola Bonomo, Maria Elena Cappello, Massimo Ferrari, Paola Giannotti de Ponti, Luigi Gubitosi, Lucia Morselli, Dante Roscini and Rocco Sabelli, all of them declared their independent status. From the slate presented by Vivendi, in application of the statutory principle that at least half of the candidates drawn from each slate (rounded up) must meet the independence requirements, the following candidates were appointed as Board Members: Amos Genish Arnaud de Puyfontaine, Marella Moretti, Michele Valensise and Giuseppina Capaldo (the last three qualified as independent).

Ascertainment that the board as a whole and the individual newly appointed Directors satisfied the requirements was undertaken by the Board of Directors in its first meeting after appointment.

At the meeting of June 27, 2019, the Board of Directors accepted the resignation of Amos Genish and replaced him by co-opting Franck Cadoret.

Subsequently, in the meeting held on 26 September 2019, the Chairman Fulvio Conti resigned and was replaced on 21 October 2019 by Professor Salvatore Rossi, appointed Chairman of the Board of Directors, with the powers granted by law, the Bylaws and the corporate governance documents (including the right to participate in the Strategic Committee). The Board of Directors ascertained that Salvatore Rossi meets the independence requirements and therefore confirmed his status in light of the powers and role assigned to him.

The curricula vitae of all the members of the administrative body in office are available on the website www.telecomitalia.com, About Us section - Board of Directors channel.

Diversity criteria and policies

Without prejudice to the issue of gender balance in corporate bodies, at the time of preparation of this Report, which is the subject of a proposal to amend the Bylaws, with regard to diversity and inclusion within the overall corporate organisation, please refer to the Sustainability Report.

Maximum accumulation of offices held in other companies

According to the Corporate Governance Principles, holding positions as director or statutory auditor in more than five companies, other than those subject to the management and coordination of Telecom Italia or subsidiary or associated companies of the same, is not considered compatible with the position of director of Telecom Italia in the case of (i) listed companies included in the FTSE/MIB index, or (ii) companies operating mainly in the financial sector vis-à-vis the public, or (iii) companies carrying out banking or insurance activities; the same director holding more than three executive positions in the companies referred to in (i), (ii) and (iii) is also not considered compatible. No diversified thresholds are envisaged to take account of the Directors' participation in the internal board committees. If a Director holds office in more than one company belonging to the same group, only one appointment held within that group shall be taken into account when calculating the number of appointments. The current Board composition respects the aforementioned limits.

Induction Programme

During 2019, Directors were involved in induction meetings on the sidelines of board meetings, in order to present the industry, the market, the company, its vision and prospects, as well as its management team. Personalized *induction* opportunities were also organized for those Directors who requested them. It is company practice to facilitate participation in external training initiatives by the members of its collective bodies.

4.3 Role of the Board of Directors

The Board of Directors plays a role of strategic guidance and supervision, pursuing the main objective of creating value for shareholders in the medium-long term, also taking into account the legitimate interests of the other stakeholders.

During 2019, 13 Board of Directors' meetings were held with an average duration of approx. four hours and thirty minutes. As per the Bylaws and internal regulations, remote participation was permitted, favouring a higher participation rate which reached 97.5% overall (98% for the independent Directors).

Pre-meeting information was provided through a specific IT platform and made available - as a rule - within the ordinary deadline for convening the meeting, and in any case with such advance as the circumstances allowed. The information thus distributed was supplemented by the explanations provided during the meetings, with the support of the management of the Company and/or its main subsidiaries and, if necessary, of consultants, who ensured the necessary technical and professional support. In order to facilitate understanding of complex issues, in preparation for their discussion during the meetings, some informal meetings were held, around the time of the board meetings, open to Directors and Auditors to provide information and gain more insight into the issues, by organising specific preparation and induction sessions.

The 2020 calendar, which includes a tentative planning for the internal committees, called to support the Board with their preliminary activities, currently provides for ten board meetings according to operational needs, subject to any further meetings. The meeting for the approval of the Report is the third meeting of the year with a participation rate of approx. 97.7% (100% for independent members).

The Corporate Governance Principles consider the following as having a significant impact on the activities of the Company and the Group, and as such subject to Board resolutions:

- a) agreements with competitors which, considering the subject, commitments, conditions, or limits that they may produce, have long-term effects on the freedom of strategic entrepreneurial decisions (for example, partnerships, joint ventures, etc.);
- b) investments and divestments exceeding 250 million euros, and in any event purchases or sales of shareholdings, or businesses or business units that are of strategic significance in the overall framework of the business; transactions that, in their execution or upon their completion, can create commitments and/or purchases and/or sales of this nature and scale;
- c) the acceptance of loans for amounts exceeding 500 million euros and the granting of loans and guarantees in favour of non-subsidiary companies for amounts exceeding 250 million euros; transactions that, in their execution or upon their completion, can create commitments and/or deeds of this nature and scale;
- d) any transaction, even if not included in the assumptions referred to in the preceding sub-paragraphs, for an equivalent value equal to or higher than 5% of the net assets or (if higher) of the Company's capitalization as measured at the close of the last open market day comprised in the reporting period of the most recent

- published periodical accounting document;
- e) the listing and delisting of financial instruments issued by the Company or Group companies in regulated markets inside or outside Europe;

TIM Board of Directors, as per the Group Regulation, which is available on the website www.telecomitalia.com, About us section, *Governance System/Regulations channel*:

- exercises, at the top level, direction, coordination, monitoring and verification activity in relation to the strategy and governance of the Group as a whole;
- is the recipient of appropriate information flows on the Group's operating performance and on the organizational, administrative and accounting structure of TIM (including through transmission of changes in the organizational chart, up to the second reporting level of the Executive Directors) and of the strategically relevant subsidiaries;
- directly resolves on extraordinary transactions of the subsidiaries that have a significant strategic, economic, equity or financial relevance for the Parent Company, as identified above, and any other comparable transaction in terms of relevance and effects.

The general performance was assessed from time to time in the various meetings and, specifically, also when examining financial reports, with a detailed comparison of the results obtained and the budget targets. The assessment of the adequacy of the general organizational, administrative and accounting structure of the company is performed as a matter of priority during the business planning process, through the identification and/or confirmation, inter alia, of the scope of the company's strategic management.

The flow of information to the Board, according to the responsibilities and sphere of competence of the governing body, concerns, in addition to the topics under examination at the meeting and the follow-up of the decisions taken, the general operating performance and its outlook; the market consensus and analyst evaluations; the activity carried out, in particular with reference to transactions of major economic, financial and equity importance or of particular sensitivity; as a preventive measure, directly and / or through the Nomination and Remuneration Committee, the appointment of managers reporting directly to the Executive Director and the appointment of the Chief Executive Officers of the most important subsidiaries; any further activity, transaction or event that the Chairman or the Chief Executive Officer deem it appropriate to bring to the attention of the Directors.

With regard to the internal control and risk management system, the Board of Directors makes recourse to the preliminary investigation carried out by the Control and Risk Committee, which reports on the progress of its activities and the main findings emerging in each meeting, specifically with regard to the adequacy of the system during the review of the financial statements and interim report.

During 2019 there were no circumstances that were problematic in terms of the specific law on competition and directors' interests. The Board of Directors remains committed to monitoring them, reserving the right to assess their merits and to report them to the Shareholders' Meeting in the event of critical situations.

Self-assessment

The self-assessment relating to the size, composition and operations of the Board and its Committees was carried out for 2019, as for every year since 2005. Also taking into account that 2019 was a full year in office for the current Board and considering that the work had been well structured, it was decided to make use again of the support of a consultant. Following on from the year before, Egon Zehnder, who was engaged in other marginal assignments for TIM and in particular in executive search assignments, was selected. Due to the company's high professional standing, it was considered that this did not compromise the independence and objectivity required by the assignment.

The self-assessment for the year ended December 31, 2019 was carried out in January and February 2020 in line with the most advanced methodology at the international level. The *advisor* developed a questionnaire, sharing it with the Nomination and Remuneration Committee, and submitted it to all the Directors (as well as the Chair of the Board of Statutory Auditors) prior to the individual interviews. A few moments were spent sharing and discussing the results during the Board meeting of February 27, 2020 as summarized in an ad-hoc summary report.

The areas specifically covered were:

1. Structure, size and composition of the Board of Directors
2. Integration and training
3. Meetings of the Board of Directors and Decision-Making Processes
4. The role of the Chairman of the Board of Directors
5. Relations between Directors and Management
6. Information and presentations
7. Strategy and objectives
8. Risks and related controls
9. Structure, People, Succession Plans
10. Board Committees
11. Board of Statutory Auditors

12. Board dynamics
13. Summary and Benchmarking

In summary, the directors expressed their appreciation for the Board's strengths, which have given proof of progressive improvement at the end of its second year in office. The climate within the Board has improved considerably and greater sharing and convergence on corporate objectives have been achieved.

Overall, areas considered to be strong were:

- the qualitative profile of the Board in terms of skills, professionalism and experience and the diversity of board members;
- the balance between independent and non-independent directors, which allows Committees to work effectively, any conflicts of interest to be managed and Shareholders to be protected;
- the motivation of the directors, who favour lively and wide-ranging debate in their meetings;
- meetings, which were good in terms of their number and the attendance and adequate participation of directors;
- the Board's knowledge of the organization and of the managers holding key roles, associated with the trust and belief that the current structure is appropriate for the achievement of the Company's objectives;
- the quality and continuity of the directors' relations with the Chairman, Chief Executive Officer and senior management who attend board meetings;
- the current structure of the board committees and their composition in relation to their skills and experience; The substantial, proactive and timely contributions from the Committees are also appreciated;
- the effectiveness of the existing risk management and governance system in ensuring that the relevant internal controls are performed.

There are also some points for further consideration and improvement which came up in the summary document of work carried out:

- while recognizing the improvements made in structuring agendas, a need emerged to ensure meeting agendas are more carefully balanced between the subjects of compliance and regulation and in addressing strategic issues, business management, succession planning and enhancement of human capital, to make the decision-making process more efficient;
- the quantity and quality of the training received by directors could be better structured through ad hoc sessions on key subjects for the Company;
- the quality of the information shared by top management could be better structured and standardized, including through the use of executive summaries;
- lastly, it would be advisable to further intensify benchmarking of the industry and analysis of major trends for the Company;
- there is great appreciation for the profile and institutional standing of the Chair, as are the expectations of seeing him master his role once the path to learn the corporate governance systems and specific business issues is completed;
- the quality of training/induction, though improved, needs to be structured and enhanced also through informal off-site sessions.

Based on the findings, an action plan will be drawn up with specific follow-up initiatives.

4.4 Delegated bodies

CEO

During 2019, the collegiate body had a non-executive (and independent: see below) Chairman and a Chief Executive Officer.

In particular, the Chief Executive Officer (who also holds the role of General Manager) is granted all the powers necessary to carry out the acts relating to corporate activities, extending the delegation to the security organization, and therefore to the management of all TIM's assets and activities of strategic importance for the defence and national security system, with the exception of the powers reserved by law and the Bylaws to the Board of Directors, and with the exclusion of the matters reserved to the Board of Directors with full attendance, as resulting from the corporate governance documentation (described in paragraph 4.3.).

Mr. Gubitosi does not hold offices as director in another issuer of which the Chief Executive Officer is another Director of TIM.

Chairman of the board of directors

During 2019, the position of Chairman of the Board of Directors was held by Fulvio Conti for the first nine months and from 21 October 2019 by Salvatore Rossi. Both the former and the latter did not have any management powers

and were considered independent.

As per the Corporate Governance Principles, the Chairman of the Board of Directors is assigned a liaison role between the Managers of the Control Functions and the Board of Directors, as well as the ordinary management of their work relationship with the Company.

Reporting to the Board

Given the frequency of meetings (and subject to the additional occasional and/or ongoing information flows, as per Board Regulation), the Chief Executive Officer ordinarily reports on the activity carried out during Board meetings, sometimes through prior transmission of appropriate documentation information.

4.5 Other Executive Directors

As at December 31, 2019, there were no TIM Directors, other than the Chief Executive, to be considered executive.

4.6 Independent directors

TIM adopts the criteria of the Corporate Governance Code for the classification of Directors as independent. According to these criteria and based on the elements provided by the concerned parties pursuant to Borsa Italiana Code and as per the Consob Issuers' Regulations, or in any case in the Company's availability, the requirements were assessed at the first Board meeting following the appointment, with annual renewal on February 20, 2019 and January 29, 2020.

Out of the current 15 Directors in office, 12 meet the independence requirements: the Directors Altavilla, Bonomo, Capaldo, Cappello, Ferrari, Giannotti de Ponti, Moretti, Morselli, Roscini, Sabelli and Valensise and the Chairman of the Board of Directors, Rossi. With respect to the latter, the Board of Directors has expressly ruled out that his prominent position within the Issuer may, given the governance structure adopted, affect his independence of judgement, thereby undermining his independence as director.

The independence of the Directors Sabelli and Roscini was specifically discussed in detail at the meeting held on May 6, 2019, with reference to the fact that their respective brothers are Company employees (with an employment relationship prior to the appointment of the two Directors). Given the mere situation of being related, without cohabitation or close family ties, nor economic dependence, the Board of Directors confirmed the irrelevance of the circumstance and the assessment of independence of the two directors.

The Chief Executive Officer (Director Gubitosi) has an employment relationship with the Company, with the title of General Manager.

None of the serving independent Directors committed to maintaining their independence for the entire duration of their mandate, when they became candidates. However, all of them committed to promptly inform the Company of any changes in the information from time to time supplied.

At the meeting held on March 9, 2020, the Board of Statutory Auditors ascertained that the Directors met the requirements, including the application of the independence criteria.

4.7 Lead Independent Director

In the meeting held on 24 July 2018, the Board of Directors in office appointed Director Dante Roscini as Lead Independent Director, with the powers and prerogatives set forth in the Borsa Code.

The role (introduced into TIM in 2004 and confirmed in the last version of the Corporate Governance Principles, regardless of the conditions laid down in the Borsa Code) is a point of reference and coordination for the issues raised and the contributions made by the independent Directors and the non-executive Directors in general. The Lead Independent Director is acknowledged to have the right to use the company structures to perform the tasks assigned to him and to convene special meetings of only the independent Directors to discuss issues affecting the functioning of the Board of Directors or the management of the business, and he or she may invite representatives of the management of the Group to these meetings.

During 2019, there were no formal meetings but numerous discussions between the Lead Independent Director and the Independent Directors, which allowed the former to carry out his coordination tasks of the non-executive board component, also for the purposes of cooperation with the Chairman of the Board; the focus was on governance issues. The organization of structured meetings was rendered redundant, among other things, by the opportunity for informal communication also due to the diligent participation of independent Directors in board and induction meetings, and thus providing the opportunity to meet and have face-to-face discussions, outside the work. In the future, we will evaluate the convenience of holding specific formal meetings in conjunction with these occasions

(effective, even if informal), in addition to engaging in informal discussions, whenever the need arises. The independent directors have not yet met in 2020.

5. PROCESSING OF CORPORATE INFORMATION

Over time TIM has adopted a structured set of rules and procedures for the management of the information processed in the company, in compliance with the laws applicable to the various types of data; These rules act on the organisational and technical level and on operating procedures.

The handling of information, in particular, is supported by information systems and processes linked to their development, maintenance and use, which are governed by specific company rules and requirements, are the object of dedicated organisational oversight carried out by the Security department for ICT Risk Management and information protection aspects, and by the IT & Security Compliance department for policy and compliance control aspects.

The "Insider information and insider dealing procedure" is an important document for the internal management and external communication of company information (available on the website www.telecomitalia.com, The Group section, *Governance System/Procedures* channel), most recently updated by the Board on the basis of the Consob "Guidelines" for the management of insider information of October 2017. The update of the text entailed the start of monitoring of potentially sensitive information, but not yet qualifiable as inside information (relevant information), by mapping the processes that generate it and the creation of a special register to store evidence of those who have access to it (so-called RIL: relevant information list).



In its meeting on January 17, 2013, the Board of Directors resolved to avail itself of the right to waive the obligations to publish information documents in case of significant merger or de-merger, purchase or sale operations, or operations to increase the share capital by investment in kind.

6. INTERNAL BOARD COMMITTEES

Within the Board, committees are set up with advisory, proposing or investigative functions that are described in the Corporate Governance Principles and in the relevant regulations (available on the website www.telecomitalia.com, "About us" section, *Committees* channel), which also contain the respective operating rules. For any matters not regulated therein, the operating rules of the Board of Directors apply to the Board's committees, as far as they are compatible.

All the Committees (Nomination and Remuneration Committee, Control and Risk Committee, Strategic Committee and Related Party Committee) stipulate the presence of a Chairman who coordinates the meetings (which must be reported in minutes) and, at the Board's subsequent meeting, informs the Board of Directors of the topics discussed.

7. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee comprises non-executive Directors, all of whom are currently independent directors, with at least one from a minority slate submitted pursuant to the Bylaws; for details see Table 2. The members of the Committee must possess adequate skills for the tasks they are called on to carry out; at least one member shall possess adequate skills in financial matters or pay policies.

The Committee (whose meetings are attended by the Chair of the Board of Statutory Auditors or any other Auditor delegated by said Chair, without prejudice to the possibility for all Statutory Auditors to attend) can access the information and company departments necessary to carry out its tasks, inviting the managers responsible for the areas being discussed in each case to provide support. The Committee was not assigned financial resources of a predetermined amount, but was able autonomously to bring in external consultants. The Committee appointed Mercer Italia as its general consultant, after having ascertained its independence from the Company.

The Committee, which combines – on the basis of operational efficiency considerations – the duties and the responsibilities attributed to the nomination committee and the remuneration committee by the Borsa Code¹, also, pursuant to the governance documents in force:

¹ Pursuant to point 6.C.5. of the Borsa Code, the remuneration committee, in particular:

- periodically evaluates the adequacy, overall consistency and actual application of the policy for the remuneration of directors and key management personnel, also on the basis of the information provided by the managing directors; it formulates proposals on this matter to the Board of Directors;
- submits proposals or issues opinions to the Board of Directors for the remuneration of executive directors and other directors who cover particular offices as well as for the identification of performance objectives related to the variable component of that remuneration; monitors the implementation of decisions adopted by the Board of Directors and verifies, in particular, the actual achievement of performance objectives.

Point 5.C.1. of the Borsa Code also confers the following functions on the appointments committee:

- oversees the succession plan for Executive Directors, and monitors the updating of the company management replacement lists, prepared by the Executive directors;
- shares with the Executive Directors, on a preliminary basis, the decisions under their purview regarding the appointment of managers directly reporting to them and the appointment of the Chief Executive Officers of the major subsidiaries;
- establishes the procedure and period for the annual evaluation of the Board of Directors;
- proposes the criteria for allocating the total annual compensation established by the Shareholders' Meeting for the whole Board of Directors;
- expresses opinions on the allocation of the remuneration to the Directors, Statutory Auditors and strategic executives, which do not constitute excluded related party transactions;
- performs other duties assigned to it by the Board of Directors.

During 2019, the Committee defined the planning of its activities, based on the performance of the tasks assigned, and held 9 meetings, with an average duration of approx. 1 hour and 30 minutes, with a 100% attendance rate of its members. In 2020, 3 meetings of the Committee have so far been held, all of which were attended by all its members; the Committee is currently expected to hold 8 meetings during 2020.

In 2019 the Committee addressed several issues including: the remuneration of the Chairman of the Board of Directors, Fulvio Conti; the remuneration policy for 2019 and the proposal for the evolution of the existing long term corporate incentive measures (policy and proposal not approved by the Shareholders' Meeting of 29 March 2019); maintenance of the key management perimeter; succession process of the Chairman of the Board of Directors following the resignation of Chairman Conti and the proposal for the financial conditions of his successor, Salvatore Rossi; the implementation procedures and the selection of the external consultant for the 2019 board evaluation; draft of the new remuneration policy for 2020.

For further information on the work of the Committee, with particular reference to compensation expertise, see the Remuneration Report.

8. REMUNERATION OF DIRECTORS, GENERAL MANAGERS AND KEY MANAGERS WITH STRATEGIC RESPONSIBILITIES

Information on the general remuneration policy, share-based remuneration plans, as well as the pay of directors, general managers, managers with strategic responsibilities and heads of the control functions is provided in the Remuneration Report (see the comparison table).

9. CONTROL AND RISK COMMITTEE

The Control and Risk Committee comprises non-executive Directors, all of whom are currently independent directors, with at least one from a minority slate submitted pursuant to the Bylaws; for details see Table 2. The members of the Committee must have adequate skills for the tasks they are called on to carry out and at least one member shall possess adequate skills in accounting and finance or risk management, as assessed by the Board of Directors at the time of appointment.

The Committee (whose meetings are attended by the Chair of the Board of Statutory Auditors or any other Auditor delegated by said Chair, without prejudice to the possibility for all Statutory Auditors to attend and/or the organization of joint meetings of the Committee and the Board of Statutory Auditors) can access the information and company departments necessary to carry out its tasks, inviting the managers responsible for the areas being discussed in each case to provide support. The Committee was not assigned financial resources of a predetermined amount, but was able autonomously to bring in external consultants.

Without prejudice to the tasks assigned by the Borsa Code ² and by internal company rules³, the Committee:

- to express opinions to the Board of Directors regarding its size and composition and express recommendations with regard to the professional skills necessary within the Board as well as with regard to the topics indicated by articles 1.C.3 (limit to the number of positions held) and 1.C.4 (derogations of the non-competition clause under Article 2390 of the Italian Civil Code);

to submit to the Board of Directors candidates for the office of director, in case of co-optation, should the replacement of independent directors be necessary.

² Pursuant to point 7C2 of the Borsa Code, the Control and Risk Committee when assisting the Board of Directors shall:

- a) evaluate together with the person responsible for the preparation of the corporate financial documents, after hearing the external auditors and the Board of statutory auditors, the correct application of the accounting principles and, in the case of groups, their consistency for the purpose of the preparation of the consolidated financial statements;
- b) express opinions on specific aspects relating to the identification of the main risks for the company;
- c) review the periodic reports of the internal audit function concerning the assessment of the internal control and risk management system, as well as the other reports of the internal audit function that are particularly significant;
- d) monitor the independence, adequacy, efficiency and effectiveness of the internal audit function;
- e) request the internal audit function to carry out reviews of specific operational areas, giving simultaneous notice to the chairman of the Board of statutory auditors;

- exercises a supervisory function in the field of sustainability in the performance of business activities;
- monitors observance of the Company's corporate governance rules, the evolution of rules and best practice in the field of controls, corporate governance and corporate social responsibility, also with a view to proposing updates to the internal practices and rules of the Company and the Group;
- prepares the financial and non-financial communication for the period, in view of its examination by the Board of Directors;
- performs other duties assigned to it by the Board of Directors.

During 2019, the Committee defined the planning of its activities, based on the performance of the tasks assigned, holding 12 meetings, with an average duration of approx. 4 hours and an average attendance rate of its members of 94%. In 2020, 3 meetings of the Committee have been held, with a participation rate of approx. 79.8%; Currently, the Committee has planned 11 meetings for 2020.

The topics dealt with by the Committee during 2019 included, inter alia, the following: monitoring performance of the impairment test and verification/updating of the related procedure; agreeing the annual audit plan with Ernst & Young; verifying compliance with the requirements imposed by the Golden Power regulations, with focus on coordination of the related institutions with the internal control and risk management system; participation in the definition of the Risk and Control Panel and monitoring of the Enterprise Risk Management KPIs, analysing in depth the most critical profiles; opinion on the planning control function activities, monitoring their progress, with a request - when deemed necessary - for specific interventions; top management turnover in the Audit function; analysis of control function reports, acquiring the assessment of the internal control and risk management system; supervision of the ISO 37001 certification process concerning the Company's anti-corruption system, with a preliminary investigation of the updating of internal rules on the matter; participation in the definition of the materiality matrix for the purposes of non-financial reporting (sustainability report).

10. RELATED PARTY COMMITTEE

The Committee consists of independent directors, two of whom (given it consists of 5 members) were taken from the list that received the second highest number of votes at the Shareholders' Meeting that appointed the current Board of Directors: for details see Table 2.

The Committee (whose meetings are attended by the Chair of the Board of Statutory Auditors or any other Auditor delegated by said Chair, without prejudice to the possibility for all Statutory Auditors to attend) can access the company information necessary to carry out its tasks, making use of the Company units; in accordance with the current Related Party Procedure, it is supported by the Group Compliance Officer who governs its responsibilities and activities. The Committee was not assigned financial resources of a predetermined amount, but was able autonomously to bring in external consultants.

The Committee is responsible for issuing an opinion on minor and major related party transactions, as per the Consob Related Parties Regulation.

During 2019, it met 11 times with an average meeting duration of approx. 1 hour and 10 minutes, with a participation rate of 95%. In 2020, only one meeting has been held, which was attended by all members; the 2020 calendar currently available envisages 4 periodic monitoring meetings, plus 6 possible meetings to examine specific operations, without prejudice to the possibility of organising meetings outside the plan, according to operational needs.

In the course of the year, the Committee analysed and issued opinions on specific operations; it acquired the quarterly reports prepared by the Compliance function, in accordance with the internal procedure on the execution of transactions with related parties, verifying their full compliance; it monitored the perimeter of the company's related parties, issuing - inter alia - a negative opinion on the classification of the shareholder Elliot as a related party (issue raised by the Board of Statutory Auditors on 25 February 2019), subject to re-assessment in the light of developments in Consob regulations. Starting from the second half of the year, it also examined the developments expected from the transposition in Italy of the SHRD II Directive, regarding related party transactions.

f) report to the Board of Directors, at least every six months, on the occasion of the approval of the annual and half-year financial report, on the activity carried out, as well as on the adequacy of the internal control and risk management system;

g) support, with adequate preliminary activities, the Board of Directors assessments and resolutions on the management of risks arising from detrimental facts which the Board may have been become aware of.

3 Pursuant to art. 11 of the Company's Corporate Governance Principles, the Control and Risk Committee is also responsible for issuing an opinion to the Board of Directors in relation to the appointment / revocation of the heads of the control functions and the determination of the related remuneration. The Chairman of the Control and Risk Committee serves as the liaison between the heads of the control functions and the Board of Directors, should the Chairman of the Board of Directors is an executive officer.

11. STRATEGIC COMMITTEE

The Committee is composed of the Chair of the Board of Directors and the Chief Executive Officer at the time (who ensure its coordination with the management of the Group), as well as non-executive directors with expertise in technology, organizational strategies and corporate finance: for details see Table 2.

The Committee (whose meetings can be attended by the Statutory Auditors) can access the information and company departments in order to carry out its tasks, inviting the managers responsible for the areas being discussed in each case to provide support.

The Committee carries out the duties of a fact-finding and consulting nature attributed to it by the Corporate Governance Principles.

Specifically:

- assure support on matters of strategic importance;
- at the request of the Chairman of the Board of Directors and the Chief Executive Officer, and in coordination with the prerogatives of their respective offices and powers, carry out preliminary assessments on the strategic choices of the Group;
- provide opinions and formulate recommendations on strategic plan proposals to bring to the Board of Directors.

Meetings are called at the request of the Chairman of the Board of Directors or the Chief Executive Officer. In FY 2019, there were five meetings, all focused on the strategic planning activity of the Company, with an average duration of about two hours, with an overall attendance rate of around 97%. In 2020, one meeting has been held, attended by 5 of the 6 members (83.3%).

12. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

12.1 Introduction

Internal control and risk management system (henceforth the internal control system) is organized and operates according to the principles and criteria set out in the Corporate Governance Code. It is an integral part of the general organisational structure of the Company and the Group, and involves several components that act in a coordinated way according to their respective responsibilities.

In particular, the internal control system consists of the set of rules, procedures and organizational structures that, through a process of identifying, measuring, managing and monitoring the principal risks, allows the sound, fair and consistent operation of the company in line with the pre-established objectives. As such this process is aimed at pursuing the values of both procedural and substantial fairness, transparency and accountability, which are considered key factors for managing TIM's business, in compliance with the Code of Ethics and Conduct of the Group (available on the website www.telecomitalia.com, About Us section - Governance system/Codes channel) and the Corporate Governance Principles. This process, constantly monitored with a view to progressive improvement, is intended to ensure, in particular, the efficiency of company operations and entrepreneurial conduct, its transparency and verifiability, the reliability of management and accounting information, and compliance with applicable laws and regulations as well as the safeguarding of company integrity and its assets, in order to prevent fraud against the Company and the financial markets.

The Board of Directors (which is responsible for approving annually the work plans of the control departments that report directly to it) defines the guidelines for the Internal Control System, verifying its adequacy, effectiveness and proper functioning, so that the main corporate risks (including, among others, operational, compliance-related, economic and financial risks) are properly identified and managed over time. In carrying out its assessment, the Board endorsed the judgement expressed by Audit Department (already shared by the Control and Risk Committee), according to which, with reference to the specific operational contexts analyzed during the year, considering the analysis evidence from the internal control and risk management system, having assessed the process of implementation of the improvement initiatives undertaken by the owner functions, taking into account the assessments provided by the other control functions and also considering the assessment expressed by the Audit functions of the listed Group companies (TIM Partecipações and Inwit), in the course of 2019 no significant factors emerged that could adversely affect the overall adequacy and operation of the Group's Internal Control System.

12.2 Enterprise Risk Management

The TIM Group has adopted an Enterprise Risk Model (or ERM) which enables risks to be identified, assessed and managed in a homogeneous way within the Group companies. There is particular focus on the relationship between the ERM process and the business planning process, particularly in proposing the acceptable level of risk for the Group (Risk Appetite), as well as its distribution in levels of acceptable deviation on the principal corporate objectives (Risk Tolerance).

The process is managed by the ERM *Steering Committee*. This Committee ensures the governance of the Group's risk management, aimed at containing the level of exposure to risk within acceptable limits and at ensuring business continuity, monitoring the progress and effectiveness of the countermeasures adopted. The ERM process is designed to identify potential events that may impact on business activity, to bring the risk back within acceptable limits and to provide reasonable assurance of the achievement of the corporate objectives.

The process is cyclical and consists of the following output:

1. *Definition of Risk Appetite and Risk Tolerance*

- *Risk Appetite* is the amount and type of risk that a company is willing to take, overall, to create value, that is in order to meet their strategic objectives (the *Committee of Sponsoring Organizations of the Treadway Commission* definition, CoSO 2013). It is defined annually by the Board of Directors when it approves the Strategic Plan, after evaluation by the Control and Risk Committee. If the Risk Appetite level is exceeded, the Board assesses the reasons for this, and the adequacy of the recovery plans.
- *Risk Tolerances* represents the level of risk that the Company is willing to take, with reference to the single categories of objectives (strategic, operational, compliance and financial: according to the CoSO classification). Within each category of objectives, the relevant KPIs in the Strategic Plan are identified, on which the Risk Tolerance thresholds that are coherent with the definition of Risk Appetite are expressed.

Monitoring of compliance with Risk Appetite and Risk Tolerances is quarterly and is reported to the Control and Risk Committee.

2. *Identification of the Risk Profile*

The Risk Profile is defined through a process of identifying and assessing all risks, and involves the whole company. The risks are positioned on a specific matrix, the dimensions of which are inherent risk level, linked to the potential deviation from the Strategic Plan that might derive from the occurrence of a risk event, and the level of oversight. The matrix enables intervention priorities for the mapped risks to be directed.

3. *Mitigation Actions*

The risks that present incomplete levels of oversight are dealt with through specific mitigation actions with associated projects overseen by the process owner, with the support of the ERM function.

4. *Reporting*

Periodic reporting to the ERM Steering Committee, the Corporate Bodies involved, and the Executive Directors, on the outputs mentioned above.

12.3 Financial risks and financial reporting

Regarding financial risks, the Group is exposed to:

- market risk: arising from variations in interest and exchange rates related to financial assets and financial liabilities incurred;
- credit risk: representing the risk of non-fulfillment of obligations assumed by a counterparty in relation to the utilization of liquidity;
- liquidity risk: related to the need to meet short-term financial liabilities.

These risks are addressed through (i) definition, at a centralized level, of guidelines to which operations must adhere, (ii) activity of an internal committee that monitors the level of risk exposure in line with the set objectives, (iii) monitoring of the results achieved, (iv) identification of financial instruments, including derivative instruments, most suitable to meet the set objectives, (v) exclusion of all transactions with derivative financial instruments of a speculative nature. In particular, management policies include:

- for market risk: fully hedging the exchange risk and minimizing exposure to interest rates through appropriate diversification of the portfolio, including through use of derivative financial instruments;
- for credit risk: liquidity management based on prudential criteria and articulated primarily in money market management activities (investment of temporary cash surplus) and bond portfolio management (investment of a permanent level of liquidity). In both situations, in order to reduce the risk of non-fulfilment of the obligations assumed by a counterparty, the counterparties and selected issuers have a credit rating within the limits established by the guidelines, and a careful policy is pursued to diversify the use of liquidity and allocate credit positions among the different banks;

- for liquidity risk: adequate level of financial flexibility, which is expressed by maintaining a current treasury margin to cover the refinancing requirements at least for the next 12 months with irrevocable bank lines and liquidity.



Financial information plays a central role in maintaining positive relationships between the company and those it interacts with, contributing to both the company *performance* and the creation of value for the shareholders.

The internal control system on financial reporting is aimed at supplying reasonable assurance of the trustworthiness, accuracy, reliability and promptness of the financial reporting. For that purpose, TIM has prepared and constantly updates a regulatory/documentary system including accounting principles of the Group, administrative and accounting procedures, guidelines, operation instructions, accounting manuals and a chart of accounts, intended to guarantee an efficient coordination and exchange of information between the Parent company and the subsidiaries as well as the correct drafting of the financial statements. The Company manages a structured and documented model for the detection and monitoring of risks related to financial reporting, which refers to the CoSO 2013 framework. This model, managed with a specific piece of software, covers the internal controls associated with the risks identified on the financial reporting and the consequent assessment activities, with precise attributions of responsibility.

TIM's system for internal control over financial reporting is a process that operates continuously, for which periodic assessment phases are prescribed, intended to document and assess its planning and operational effectiveness. The process starts with the identification and assessment of the risks regarding financial reporting. For that purpose, TIM defines identification criteria of the organization limits and of the “significant” processes in terms of potential impact on the financial reporting, as well as on the risks resulting from non-achievement of the control objectives, due to potential non-intentional errors or frauds, if capable of having a significant impact on the financial reporting.

In particular, the annual process starts with the identification of the items and disclosures in the financial statements that are deemed significant, whether in terms of their quality value or with reference to updated materiality parameters. The reporting units that contribute significantly to the composition of the selected items are then identified. In parallel, the processes associated with these items are identified, and, for each process, the inherent risks are assessed, contextualising the risk of non-achievement of the general control objectives, phase by phase. The frequency of this assessment, at least once a year, allows the new risks inherent in the financial reporting, deriving from the evolution of exogenous or endogenous factors. The process continues with a more operational phase that consists in identifying the controls carried out in the company which are able to mitigate the identified risks.

TIM uses different types of controls in its model, in order to assess all the components of the control system relating to the objective of trustworthy financial reporting. The Entity Level Controls are defined at Group/Company/Organizational Unit level and have a pervasive impact on the effectiveness of the controls defined at process, transaction or application level; This set of controls therefore provides a representation of how sensitive the organization is on topics such as corporate governance, risk management, responsibilities for the internal control system, the attribution of powers and responsibilities. The IT General Controls are controls that are applicable to all the systems, processes and data of the IT organizations, and they meet specific objectives⁽⁴⁾. The Process Controls are the controls to protect the company processes and are carried out through human intervention and/or by IT applications.

The assessment phase of the controls against the risks identified is carried out through test activities, managed by a methodology guide and a strategy that are updated annually. Using top-down and risk-based logic, the test activities are differentiated by timing and depth, in relation to the type, classification and other characteristics of the controls. The test activities are designed to check both the efficacy of the design and the operational effectiveness of the control. If there is a negative outcome, due to a lack of efficacy in the design and/or operation of a control, the risk of error is then assessed in terms of probability and impact; the risk is then managed through the opening of a formal control shortcoming and with the definition, scheduling, and assignment of responsibilities for specific remedial plans.

The certification process is guided by an organisational procedure that identifies the roles and responsibilities for the different phases of its execution. The Chief Financial Officer retains the final responsibility for the whole process, and has a direct responsibility in the periodic definition of the perimeter of application of the reference standards, in the final and overall assessment of the financial reporting internal control system and in the management of relations with the Independent Auditor, assisted by his own specialist departments. The management, with the support of resources who coordinate the activities planned in the certification calendar in each business function/company, is responsible for identifying, implementing and assessing the controls against the risks identified, and consequently for the assessment and management of the control shortcomings, as well as for the execution of the remedial plans needed to overcome them. The Group Compliance Officer is responsible for defining and updating the methodology adopted and monitoring the end-to-end process; together with the IT & Security Compliance function for the technological area, it supervises the designing of the controls and is responsible for the assurance activities

⁽⁴⁾ Such as the integrity of programs, files and data, the correct development and production of applications, the correct management of changes to applications.

(independent testing, follow-ups to check the assessment of the overcoming of the control shortcomings) to strengthen the management certification, and it provides support to the management and the Chief Financial Officer in all phases of the process. The *Chief Financial Officer* receives periodic reports from the *Group Compliance Officer* on the progress of the activities and the results of the certification process.

The Group Compliance Officer, in coordination with the Chief Financial Officer, provides information to the Control and Risk Committee and the Board of Statutory Auditors on the performance of the certification process, with particular emphasis on any new control deficiencies that have emerged and been assessed as significant/material in terms of potential impact of error/fraud on financial reporting, as well as the summary of remedial activities on previous control deficiencies.

TIM has implemented a system for the control and management of tax risks, in line with the OECD guidelines and the national tax framework (so-called Tax Control framework). In this regard, during 2019 TIM obtained admission to the so-called "Collaborative Fulfilment" scheme from the Revenue Agency. This scheme involves a new way of interacting with the tax authorities, based on transparency and cooperation, so as to reduce the degree of uncertainty in the management of tax issues and prevent the risk of tax disputes.

12.4 Director in charge of the Internal control and risk management system

The establishment and maintenance of the internal control system are assigned to the Chief Executive Officer and to the Executive responsible for preparing the corporate accounting documents (i.e. Giovanni Ronca) for his area of responsibility, so as to ensure the overall adequacy of the system and its practical functioning, in a risk-based perspective.

The Chief Executive Officer oversees the identification of major company risks in the operational areas covered by his mandate. He implements the guidelines defined by the Board, overseeing the design, creation and management of the Internal Control System and constantly checking the system's adequacy and efficacy. He reports on issues and critical points that emerge during the execution of his activities to the Board of Directors. He may also ask the Internal Audit department to carry out audits on specific operational areas and on compliance with the internal rules and procedures in the execution of the company operations, giving notice to the Chairman of the Board of Directors, and the Chairs of the Control and Risk Committee and the Board of Statutory Auditors.

12.5 Head of Audit Department

Pursuant to the Corporate Governance Principles, in exercising its responsibilities for the Internal Control System, the Board, in addition to the Control and risk Committee, also utilizes the Head of the *Audit* Department.

The Head of the Audit Department of TIM S.p.A. is Gianfranco Cariola, appointed, after having obtained the favourable opinion of the Control and Risk Committee, and having consulted the Board of Statutory Auditors, by the Board of Directors on September 26, 2019. Mr Cariola has organisational independence such as to ensure that he fully meets his responsibilities, without undue influence in the definition of his sphere of activities, in the performance of his duties and in reporting the results. He is responsible for supporting the management and control bodies in assessing the adequacy, full functioning and effectiveness of the internal control and risk management system and, consequently, for proposing corrective measures in case of anomalies and/or deficiencies.

In accordance with the provisions of the Corporate Governance Code, the Head of the *Audit* Department:

1. verifies, both on a continuous basis and in relation to specific needs and in conformity with international *standards*, the adequacy and effective functioning of the internal control and risk management system, through an *audit* plan based on a process of structured analysis and prioritization of the principal risks; on a yearly basis, this plan is approved by the Board of Directors, upon presentation and discussion with the Control and Risk Committee and illustration to the Board of Statutory Auditors. During the year, *extra-audit* interventions may also be activated, according to specific requests or needs;
2. is not responsible for any operational area and reports directly to the Board of Directors;
3. has direct access to all information useful for the performance of his or her duties;
4. drafts periodic reports containing adequate information on their own activity, and on the methods used to manage risks, as well as on compliance with the plans defined to mitigate them; these reports contain an assessment on the adequacy of the internal control system;
5. report to the Control and Risk Committee and to the Board of Statutory Auditors on the periodic reports referred to in the preceding paragraph;
6. prepares timely reports on events of particular importance and oversees their transmission to the Chairmen of the Control and Risk Committee and of the Board of Statutory Auditors, as well as to the Chairman of the Board of Directors and the Chief Executive Officer, in relation to its respective areas of competence;
7. tests the reliability of the information systems, including the accounting system, as part of the *audit* plan.

The Head of the *Audit* Department also carries out their activities in the subsidiary companies without

corresponding *audit* structures, acting in their interests and reporting to their governing bodies. If subsidiary companies have their own *audit* departments, the TIM *Audit* Department interfaces and collaborates with them, for coordination, homogeneity and methodological approach, compatible with respect for the applicable regulations and the responsibilities of said structures.

On the basis of the annual *risk-based* Plan and the specific *extra-Plan* requests received during the period, the *Audit* Department carries out its mandate by providing *assurance* and advisory services:

- *Assurance*: these are *internal audit* services that, through an objective assessment of evidence, are intended to formulate opinions or conclusions on activities, functions, processes, organization and systems. The *Audit* Department defines the nature and scope of the assurance appointment;
- *Consulting*: this activity is generally carried out upon a specific request of an internal client to support the company functions and improve processes. The nature and scope of the assignment are defined and carried out in agreement with the client; the *Audit* Department assumes no managerial responsibility for the assessment and implementation of the actions.

The *whistleblowing* activity completes the range of services provided: this is the process of receiving, processing, analyzing and archiving reports, by whoever sent or transmitted, including anonymously.

To perform these activities, the *Audit* Department is organized into the following areas:

- *Enterprise and Financial* - dealing with commercial, financial and transverse support processes;
- *Technical and operational* - dealing with processes with technological content (*IT, Network, Cyber security, Services and ICT* supplies) or specialized (*Safety and Infrastructure*).
- *Forensic* - dealing with *forensic audit* activities and managing the *whistleblowing* channel.

The Head of the *Audit* Department promotes, develops and supports a quality improvement and *assurance* program that covers all aspects of *internal audit* activities. The program includes an assessment of compliance with the *International Professional Practices Framework* (IPPF) and the company *internal audit* procedures, and a continual assessment of the effectiveness and efficiency of its work, also with reference to *best practice* for the sector. The Head of the *Audit* Department periodically reports to the Board of Directors, through the Control and Risk Committee, on the results of these assessments.

12.6 Organizational model pursuant to Legislative Decree 231/2001

The Internal Control System includes the so-called 231 Organizational Model, i.e. an organization, management and control model, aimed at preventing the commission of crimes of potential relevance for the Group, which may involve liability of the Company pursuant to Legislative Decree 231/2001.

The Organizational Model has also been adopted by domestic subsidiaries of the Group as well as by TIM, and consists of:

- the Code of Ethics and Conduct, where the general principles (transparency, fairness, loyalty) that guide the Company in the organization and conduct of business are indicated;
- the "general principles of internal control", aimed at providing a guarantee with regard to the objectives of efficiency and operational effectiveness, reliability of financial and management information, compliance with laws and regulations, safeguarding of assets against possible fraud;
- the "principles of conduct", which consist of specific rules for relations with third parties and for all fulfilments and activities of a corporate nature, and
- the "internal control schemes" that describe business processes at risk of crime, any predicate offences relating to them, the preventive control activities and the behavioural indications aimed at avoiding the related risks.

The internal control schemes have been prepared in accordance with the following principles: (i) the separation of roles in the performance of the principal activities involved in company processes; (ii) the traceability of decisions to allow for identification of specific points of responsibility and the reasons behind the decisions themselves; (iii) the objectification of the decision-making processes so that decisions are not made on the basis of purely subjective considerations, but based on pre-established criteria.

The Organisational Model is a dynamic instrument, which affects the corporate operation, which in turn must be checked and updated in the light of feedback, as well as the evolution of the regulatory framework. The amendments were drafted by a managerial committee called 231 *Steering Committee*, briefed by the Supervisory Board (i.e. The Board of Statutory Auditors: see *below*) and approved by the Board of Directors when of a significant nature.

The Organizational Model also constitutes an integral component of the reference compliance program for the application of anti-corruption legislation. In this context, a foreign version of it has also been defined for adoption by the non-Italian subsidiaries, also taking account of the possible application of similar regulations at local level. In particular, a specific Organizational Model is adopted for TIM Participações, in application of Brazilian anti-corruption law.

The types of offences envisaged in the 231 Organizational Model of the company mainly refer to offences against the Public Administration, corporate crimes, child pornography, manslaughter and injury due to accidents at work,

crimes of market abuse, stolen goods, money laundering and self-laundering, computer crimes, infringement of trademarks / patents and copyrights, environmental crimes, the employment of illegally staying third-country nationals, organized crime offences, racism and xenophobia.

The functions of the Supervisory Body are assigned to the Board of Statutory Auditors, which as such oversees the operation and observance of the Organisational Model and reports to the Board on the oversight and examination activities which it has performed and the corresponding outcomes. In this regard, the Board of Statutory Auditors is supported by the Compliance Department.

There is a section dedicated to the 231 Organizational Model adopted on the TIM website (www.telecomitalia.com, *About Us* section - *Governance System/231 Organizational Model* channel).

Anti-bribery

In 2019, TIM adopted the Anti-Bribery Management System (also "ABMS") for which certification was achieved according to the new UNI ISO 37001 "Anti-bribery Management Systems" Standard by a specific accredited body. This system - which is an integral part of the broader Internal Control System - was defined to support the Company in preventing, detecting and responding to phenomena related to bribery, in compliance with the relevant anti-bribery laws and the commitments voluntarily undertaken and applicable to its business.

The Anti-Bribery Management System is mainly addressed to employees and collaborators of TIM and to members of corporate bodies. It consists of the following elements:

- the Code of Ethics and Conduct;
- the Group Anti-Bribery Policy, which aims to provide a systematic framework for managing the prevention of bribery;
- the "TIM S.p.A. Anti-Bribery Management System" document;
- company protocols, such as in particular Organizational and Operational Procedures;

At the organizational level, the Compliance Department is assigned the role of compliance function for the prevention of bribery, responsible for the implementation and monitoring of the ABMS within the company and, more generally, its compliance with the requirements of the ISO 37001 Standard. The 231 Steering Committee has overall responsibility for implementation and compliance with the Anti-Bribery Management System.

On the TIM website there is a specific section dedicated to the Group Anti-Bribery Policy (www.telecomitalia.com, *The Group* section, *Governance System/Procedures* channel).

12.7 Independent Auditor

The Shareholders' Meeting held on 29 March 2019 appointed EY S.p.A., for the nine-year period 2019-2027, to perform the statutory audit of the separate and consolidated financial statements of TIM S.p.A. and the condensed interim consolidated financial statements. In accordance with applicable legislation, the determination was made based on the justified recommendation of the Board of Statutory Auditors.

Some time ago, TIM adopted specific Guidelines for the appointment of the independent auditor, which can be consulted on the website www.telecomitalia.com, *The Group* section, *Governance System/Procedures* channel. In compliance with these guidelines, the selection of the independent auditor to be appointed was made following a comparative analysis carried out under the supervision of the Board of Statutory Auditors, which made recourse to the support of company functions. In evaluating the applications, particular consideration was given to skills and specific auditing experience in the telecommunications sector, adequacy of the organisation and operating structure with respect to the needs related to the size and complexity of the Company and its Group, independence and autonomy of judgement with respect to the Company and the Group, and consistency of the fees requested in relation to the planned activities and the levels of professionalism guaranteed. The analysis was coordinated by the Company's Executive responsible for preparing the corporate accounting documents, under the supervision of the Board of Statutory Auditors of the Parent Company and, as far as they were concerned, the Audit Committees of the main subsidiaries. The auditor appointed by the Parent Company's Shareholders' Meeting is in fact the main auditor of the entire TIM Group.

The conferral of audit and audit-related services on entities other than the appointed auditor and/or the entities belonging to its network must be verified in advance with the executive responsible for preparing the corporate accounting documents of the parent company, who will activate the necessary approval and reporting processes, ensuring compliance with the applicable regulations. On the other hand, in order to protect the independence of the appointed auditor, the Guidelines establish the principle that the conferral of further assignments (when permitted by the relevant legislation) is limited to services and activities strictly related to the audit of the financial statements and is subject to the limits and prohibitions resulting from the relevant (Italian, EU, non-EU) legislation, the principles set out in the Guidelines and the criteria established by the Board of Statutory Auditors of the Parent Company.

12.8 Executive responsible for preparing the corporate accounting documents and other corporate roles and functions

As per the Bylaws, the Board of Directors appoints the Executive responsible for preparing the accounting documents of the Company, after hearing the opinion of the Board of Statutory Auditors. Upon appointment, his/her tasks and powers are defined. These are covered in the specific Regulations, available at the website www.telecomitalia.com, *About Us* Section - *Governance System/Regulations channel*.

At the meeting of May 20, 2019, the Board of Directors appointed Giovanni Ronca (Head of the Group Chief Financial Office Function) as the manager responsible for preparing the financial reports of TIM. As the person legally responsible for the preparation of suitable administrative and accounting procedures to draw up the annual accounts and consolidated financial statements as well as any other financial communications, the appointed executive is one of the main subjects involved in the operation of the Internal Control System and the management of risks.

The Regulation acknowledges his functional responsibility (organizational and by topics) with regard to the internal controls for financial reporting, clarifying that, in this context, he or she is supported by the Executive Director, as well as by the Management of the Company. The Manager reports to the Board of Directors, the Control and Risk Committee and – for those matters within its competence – the Board of Statutory Auditors.

12.9 Coordination of subjects involved in the internal control and risk management system

The main subjects involved in the operation of the Internal Control System are:

1. the Board of Directors, which provides direction and periodic (annual) assessment of the system;
2. the Chief Executive Officer, as Director charged with the establishment and maintenance of the system, in accordance with the guidelines defined by the *Board of Directors* (see preceding paragraph 12.4);
3. the Control and Risk Committee, with the role of providing investigative support to the Board in relation to its internal control and risk management duties (see preceding Chapter 9);
4. the Head of the *Audit* Department (the person with sole responsibility for third level controls), who reports directly to the Board of Directors and whose *mission*, briefly, is to test the functioning and adequacy of the system (see preceding paragraph 12.5);
5. the executive responsible for preparing the accounting documents of the Company, appointed by the Board, with the competences provided for by law and rights defined in the specific internal regulations (see preceding paragraph 12.8);
6. the Board of Statutory Auditors representing the apex of the supervisory system. Together with the legal functions assigned to the Board of Statutory Auditors, the same Board also has the functions of supervisory body, pursuant to Italian Legislative Decree no. 231/2001, for the purposes of corporate self-governance.

In addition to these "standard" roles, TIM also has, among others: the head of the *Compliance* Department (the *Group Compliance Officer*, currently Giampaolo Leone) and the head of the *IT & Security Compliance* Function (Roberto Mazzilli), who are hierarchically subordinate to the Board of Directors and are responsible, respectively, for monitoring institutional/regulatory and commercial *compliance* (*Compliance* Department) and technological *compliance* and *IT security* processes (*IT & Security Compliance* Function). In line with the "EU Regulation 2016/679, on data protection and privacy for all individuals" (GDPR), which strengthens the link between data protection issues and the internal control system, the head of the *IT & Security Compliance* department has also assumed the role of *Data Protection Officer*.

The competences of the figures specified from numbers 1 to 6 correspond to those recommended by the Borsa Code, to which, on this matter, TIM adheres without exceptions. The establishment of the managerial figures in charge of *compliance* meets the specific internal control needs of the Group, and as such is set out in the Corporate Governance Principles. The Chairman of the Board of Directors (when non-executive) plays a liaison role between the Board of Directors and the control structures that are hierarchically subordinated to the Board: this is a guarantee function, which is independent from the operational aspects of controls, but aims to facilitate the board's supervision over the control functions that are hierarchically subordinated to the Board of Directors. The Chairman of the Board of Directors is also in charge of the ordinary management of their working relationship with the Company.

13. INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

In terms of corporate governance, there is currently no rule in TIM governing departure from meetings and/or compulsory abstention from voting of a Director with a non-shareholding interest, but a disclosure regime applies. The matter is governed by the Corporate Governance Principles (see paragraph 2.2) and by the Board's internal Regulations (see article 2.10).

In compliance with the Consob Related Party Regulation, the Company has also adopted a procedure for carrying out transactions with related parties, which can be consulted on the website www.telecomitalia.com, *The Group* section - *Governance System/Procedures* channel. The procedure envisages in particular:

- the setting up of a specialised board committee (see paragraph 10), responsible for related party transactions carried out by both TIM and its subsidiaries (except in the case of excluded transactions);
- the classification of excluded unqualified Related Party Transactions (as per the specific definition) into Major and Minor Transactions;
- the adoption of an annual limit for small amount transactions, diversified according to the physical or legal nature of the related party (respectively 100,000 and 1,000,000 euros);
- the definition of "Related parties", which refers to the accounting principles applied by the Company in preparing its financial statements, as well as, as before, to the Consob Related Party Regulation;
- the allocation to the Compliance function of the activity of managing and updating the Related Party List, and more generally, of analysing and supporting the Related Party Committee. The *Group Compliance Officer* also oversees the reporting to the Board of Directors (through the specific committee) and the Board of Statutory Auditors.

The non-binding opinions of the Committee concern the Company's interests in the execution of the transaction as well as the substantial correctness and suitability of the applicable conditions. In view of the issue of the opinion, a specific investigation is carried out, coordinated by the Group Compliance Officer (who in particular assesses the classification of the terms and conditions of the transaction as market or standard, on a case-by-case basis, in concrete terms and taking into account all the relevant circumstances) and to whom the management is required to provide its cooperation. If the Committee issues a negative opinion on major transactions, the Board of Directors is entitled to submit the initiative to the Shareholders' Meeting for authorization.

An IT application is used to support the correct application of the procedure; it allows verification of the correlation and the tracing and documentation of the *authorization* process necessary for its completion.

For the sake of completeness, it should be noted that the transposition of EU Directive 2017/828 (so-called Shareholders Rights 2) and the consequent amendments to the Consob Related Party Regulation could entail adjustments to the TIM internal rules described above.

14. APPOINTMENT OF STATUTORY AUDITORS

Pursuant to article 17 of the Bylaws, the Board of Statutory Auditors consists of five standing auditors, including at least two from the less represented gender. The Shareholders' Meeting also appoints four alternate auditors, two of each gender.

Appointments are made based on slates presented by shareholders who together hold shares representing at least 0.5% of the ordinary capital, regardless of the shareholding annually set by Consob (which in 2019 and 2020 was 1% of voting capital). The slates are divided in two sections: one for candidates for the office of standing auditor and the other for candidates for the office of alternate auditor. Sections that contain a number of candidates greater than or equal to three must ensure that both genders are present, 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 whole number. The first candidate in each section shall be selected from among the independent auditors entered in the appropriate register who have worked on external audits for a period of not less than three years. Three standing and two alternate auditors are chosen from the slate that obtains the majority of the votes (so-called Majority Slate), while the remaining standing and alternate auditors are chosen from other slates (so-called Minority Slates) proportionally (the quotients method). If more than one candidate obtains the same quotient, the candidate from the slate that has not yet elected a statutory auditor is elected or, subordinately, there is a tiebreaker vote by the Shareholders' Meeting.

If the composition of the resulting board or category of alternate auditors does not reflect the gender balance, taking into account the ranking order in the respective sections, the necessary number of the last candidates of the more represented gender elected from the Majority Slate shall forfeit their position to ensure compliance with this requirement, and shall be replaced by the first unelected candidates of the less represented gender on the same slate and the same section. In the absence of candidates of the less represented gender in the relevant section of the Majority Slate in sufficient number to proceed with the replacement, the Shareholders' Meeting shall appoint the

standing or alternate auditors that are missing with the majorities required by law, ensuring that the requirement is met.

In the event that a statutory auditor chosen from the Majority Slate or one of the Minority Slates should cease to serve, the alternate auditors from the Majority Slate or the Minority Slates shall take his/her place, in order of age, respecting the requirements for the composition of the body. Appointments to fill vacancies on the Board of Statutory Auditors pursuant to Article 2401 of the Italian Civil Code shall be approved by the Shareholders' Meeting with the affirmative vote of the absolute majority of those voting and in compliance with the principle of the necessary representation of the minority shareholders, and of the requirements of the Bylaws regarding gender balance. In the event that a Standing Auditor chosen from the Minority Slates should cease to serve, the principle of necessary representation of the minorities shall be deemed to have been respected if one of the alternate auditors chosen from the Minority Slates takes his/her place.

The recent legislation on gender balance introduced by the Budget Law 2020 will require an adjustment of the articles of the Bylaws to take account of the new percentages required for participation of the less represented gender, set at two fifths of the total. Moreover, the current composition of the Board of Statutory Auditors already complies with the threshold provided for by the new regulations, since two members of the less represented gender out of the total of five standing auditors provided for have been present since the Board was established.

15. COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS

The Shareholders' Meeting of April 24, 2018 appointed the serving Board of Statutory Auditors, whose term will expire with the Shareholders' Meeting that will approve the financial statements for financial year 2020.

At that time two slates were presented within the terms and according to the procedure required by the applicable regulation,

- by the relative majority shareholder Vivendi S.A. and
- by a group of Asset Management Companies and international institutional investors, and specifically: Aberdeen European Equity Enhanced Index Fund, SWUTM European Growth Fund, HBOS European Fund, European (ex UK) Equity Fund, Fundamental Index Global Equity Fund, Aberdeen Capital Trust, Abbey European Fund and HBOS European Fund; Aletti Gestielle SGR S.p.A. fund manager Gestielle Obiettivo Italia e Gestielle Cedola Italy Opportunity; Aletti Gestielle SGR S.p.A. fund management: Gestielle Absolute Return, Gestielle Obiettivo Europa, Gestielle Cedola Multitarget II, Gestielle Cedola Multitarget IV, Gestielle Dualn Brand Equity 30, Gestielle Absolute Return Defensive, Aletti Gestielle SGR S.p.A. and Volterra Absolute Return Fund; Amundi SGR S.p.A. fund management: Amundi Dividendo Italia, Amundi Risparmio Italia and Amundi Obbligazionario Più a Distribuzione; Anima SGR SPA fund manager: Anima Geo Italia and Anima Italia; Arca Fondi S.G.R. S.p.A. fund management Arca Azioni Italia; BancoPosta Fondi S.p.A. SGR fund manager Bancoposta Azionario Eur; Epsilon SGR S.p.A. fund management Epsilon Qvalue; Eurizon Capital SGR SPA fund management Eurizon Progetto Italia 70, Eurizon Azioni Italia, Eurizon PIR Italia Azioni and Eurizon Progetto Italia 40; Eurizon Investment SICAV - PB Equity EUR; Eurizon Capital S.A. fund manager: Eurizon Fund - Equity Italy, Eurizon Fund - Equity Europe LTE, Eurizon Fund - Equity Euro LTE and Eurizon Fund - Flexible Beta Total Return; Fidelity Funds Sicav; Fideuram Asset Management (Ireland) management of Fideuram Fund Equity Italy and Fonditalia Equity Italy funds; Fideuram Investimenti SGR S.p.A. fund management: Fideuram Italia, Piano Azioni Italia, Piano Bilanciato Italia 50 and Piano Bilanciato Italia 30, Interfund Sicav Interfund Equity Italy; Kairos Partners SGR S.p.A. as Management Company of Kairos International Sicav sub-funds: Italia, Risorgimento, Italia Pir, Target Italy Alpha and Patriot; Legal & General Assurance (Pensions Management) Limited; Mediolanum Gestione Fondi SGR S.p.A. fund management: Mediolanum Flessibile Futuro Italia, Mediolanum Flessibile Strategico and Mediolanum Flessibile Sviluppo Italia and Planetarium Fund Anthilia Silver.

From the Vivendi slate, which obtained more votes (46.09% of the voting capital), three standing auditors and two alternate auditors were appointed: Giulia De Martino (Statutory Auditor), Marco Fazzini (Statutory Auditor), Francesco Schiavone Panni (Statutory Auditor), Antonia Coppola (Alternate Auditor) and Balelli Andrea (Alternate Auditor). The remaining appointees were chosen from the Asset Management Companies slate (which obtained 4.51% of the votes): Roberto Capone (Statutory Auditor), Anna Doro (Statutory Auditor), Franco Dalla Sega (Alternate Auditor) and Laura Fiordelisi (Alternate Auditor). The Shareholders' Meeting appointed Roberto Capone as Chairman of the Board of Statutory Auditors. The annual remuneration was established, as proposed by the shareholder Vivendi, in 95,000 euros for each Standing Auditor and 135,000 euros for the Chairman of the Board of Statutory Auditors; the adequacy of the amount with respect to the commitment requested, the importance of the role and the characteristics of the company has not been assessed.

The verification by the Board of Statutory Auditors of the existence of the requirements of its members for 2020, following the appointment by the Shareholders' Meeting, took place at the meeting of March 9, 2020 applying - among other things - the criteria indicated in the Borsa Code for the assessment of the independence of directors.

Table 3 presents detailed information on the composition of the Board of Statutory Auditors. The curricula vitae of the members of the control body are available on the website www.telecomitalia.com, About Us Section - Board of Statutory Auditors channel.

For the Company's diversity policies, please refer to the considerations made in paragraph 4.2.



The Board of Statutory Auditors carries out the activities entrusted to it by national law and is also assigned the functions of the supervisory body pursuant to Italian Legislative Decree 231/2001. For detailed information on the activities performed, please refer to the report to the Shareholders' Meeting prepared pursuant to article 153 of the CLF. The Board of Statutory Auditors no longer performs the duties of the audit committee pursuant to U.S. law since, as indicated in the introduction to this Report, the Company is no longer listed on the U.S. market or registered as a Foreign Issuer with the U.S. Securities and Exchange Commission.

The Statutory Auditors attended the meetings with the management (including that of the subsidiaries), to provide the members of the Board of Directors with knowledge of the business sector in which the Company operates, the corporate safeguards and dynamics, and the evolution of the latter. Furthermore, it is company practice to facilitate participation in external training initiatives by the members of its collective bodies.

The Board of Statutory Auditors (whose members report any interests in relation to the matters under discussion) has access to the company information and functions and all its members can take part in the various meetings of the various board committees. The Company provides the control body with secretarial support for the organization of meetings and for keeping the books of meeting, the ability to request the control functions directly reporting to the Board of Directors to perform specific audits and access to external consultants chosen at the discretion of the body, with no predetermined amount limits.

46 meetings were held in 2019, of which 10 in the exercise of the role of Supervisory Board pursuant to Italian Legislative Decree 231/2001. The average duration of meetings was approx. 2 hours. The average attendance percentage was around 98%. In 2020 and up to the date of approval of the Report (10 March 2020) 7 meetings have been held of which 2 in the exercise of its role as Supervisory Body pursuant to Italian Legislative Decree no. 231/2001.

16. SHAREHOLDER RELATIONS

Within TIM, Carola Bardelli is the executive appointed to manage relations with the financial community and with all the shareholders (Investor Relations Officer); this role reports directly to the Chief Executive Officer.

The Investor Relations service manages and develops relations with TIM Group investors, including funds (including SRI), retail shareholders (including small shareholders' associations), bondholders, equity and credit analysts. In 2019 the financial communication program envisaged numerous events in various countries, as shown in the table below. Conference calls on financial results, roadshows abroad, meetings with the financial community at TIM offices and participation in industry conferences with investors were organized. There were over 900 meetings, including direct audio or videoconference contacts, with the aim of maintaining and expanding the investor base on the major international financial markets.

The meetings held with the financial community in 2019 are listed below:

| January 2019 | May 2019 (2nd Quarter Results 2019) | September 2019 |
|---|---|---|
| Meetings with investors in Rome (Reverse Roadshow) | Industry conferences with investors in London and Milan Investor meeting in London | Meetings with Italian investors in Milan Industry conferences with investors in London, Milan and New York Meetings with investors in Rome (Reverse Roadshow) Roadshows in Paris and Toronto |
| February (FY18 Results and 19-21 Plan) and March 2019 | June 2019 | October 2019 |
| Roadshows in London, Paris, Milan, New York, Boston, San Francisco, Lugano, Madrid, Scandinavian countries and Frankfurt for the presentation of 2018 results and 19-21 business plan | Industry conferences with investors in London, Milan and Tokyo Meetings with investors in Milan (Reverse Roadshow) | Roadshows in Geneva and Zurich |

Industry conferences with investors in London

Shareholders' meeting

| April 2019 | July and August 2019 (2nd Quarter Results 2019) | November (3rd Quarter Results) and December 2019 |
|--|--|--|
| Meetings with investors in Rome (Reverse Roadshow) | | Industry conferences with investors in Barcelona Meetings with Italian investors in Milan and London Roadshows in Paris and Dublin |

The topics of greatest interest to the Financial Community included:

- evolution of the Domestic competitive environment, both in the furniture market and in the wireline and wholesale markets;
- cash generation, and possible support for the Group's deleverage path from extraordinary options;
- Network Sharing agreement signed with Vodafone for the development of 5G and mobile network sharing;
- consumer credit agreement with Santander and creation of a dedicated JV;
- agreement with Google for the development and promotion of TIM in the domestic Cloud market, with focus on the development dynamics of data centers;
- possible forms of collaboration with Open Fiber;
- 5G and its potential competitive developments;
- the growth in FTTx technology customers, convergent services and penetration of *ICT* services in the *business* segment;
- cost reduction opportunities;
- CAPEX performance;
- the development of TIM Brasil and its results;
- corporate governance issues.

The contact details for the *Investor Relations* office are the following:

- Institutional Investors and Individual Investors:
TIM S.p.A. - ref. *Investor Relations*
Via Gaetano Negri, 1
20123 Milan
E-mail: investor_relations@telecomitalia.it

The Investors section of the institutional website contains the contacts of the IR team and financial information for shareholders and, in general, for current and potential investors (including in bonds).

17. SHAREHOLDERS' MEETINGS

Pursuant to law, the shareholders entitled to attend the Meeting and to vote are those for whom the reference intermediary sent the Company specific communication certifying such right at the *record date* (seventh working day prior to the meeting first call).

In TIM, the ordinary shareholders may also exercise their voting rights by post, and the Board of Directors has the power to permit electronic voting, specifying the arrangements for this in the call notice. In this regard, it is practice to activate a special platform that can be accessed through the Company website.

The Ordinary Shareholders' Meeting resolves on those matters established by law and authorizes the Company's transactions with related parties that qualify as major transactions and on which the responsible Committee has expressed an unfavourable opinion, where the Board of Directors intends to overrule such opinion. The Bylaws provide that decisions on mergers into TIM or demergers in favour of Telecom Italia of companies of which TIM owns at least 90% of the share capital, the reduction of the share capital in the event of withdrawal of the shareholders, the revision of the Bylaws to conform with statutory provisions, the relocation of the Company's registered office within Italy, and the opening and closing of secondary offices are matters that are remitted to the competence of the Board of Directors.

To ensure the regular conduct of shareholders' meetings, since 2000 the Company has adopted the Regulations for

the Shareholders' Meetings, available at the website www.telecomitalia.com, *About Us* section, *Governance System/Regulations* channel.

The Shareholders' Meeting of 29 March 2019 was attended by 14 Directors, out of a total of 15 in office. When calling the Shareholders' Meeting, the Board of Directors did not consider it opportune to appoint the designated representative of the Company to issue proxies to participate in the Shareholders' Meeting, and instead allowed the shareholders to vote electronically.



During the financial year, the single largest shareholder remained Vivendi S.A., whose percentage of the voting capital is set out in Table 1 “Information on Share Ownership.”

18. FURTHER CORPORATE GOVERNANCE PRACTICES

Nothing to indicate.

19. CHANGES SINCE THE END OF THE REFERENCE YEAR

The Company's focus on sustainability is confirmed by the Board of Directors' decision taken at the meeting held on March 10, 2020, to change the mission of the Strategic Committee, including the task of checking that TIM's objectives and management are in line with the environmental, social and corporate sustainability criteria.

The Committee has changed its name to the Strategies and Sustainability Committee and its composition (Chairman of the Board of Directors, CEO, Directors Cadoret, de Puyfontaine, Ferrari and Sabelli) has been extended to include the Directors Bonomo and Cappello (both independent).

20. CONSIDERATIONS ON THE LETTER OF DECEMBER 19, 2019 FROM THE CHAIRMAN FOR CORPORATE GOVERNANCE

The analysis of the recommendations contained in the letter from the Chairman of the Corporate Governance Committee at the Borsa Italiana dated December 19, 2020, was conducted by the Control and Risk Committee and the Nomination and Remuneration Committee.

In this respect, it is noted:

- the Board of Directors shares the Committee's call to integrate the sustainability of the business activity in defining the strategies and remuneration policy. During 2019, there was an increased focus on sustainability TIM, both at managerial and corporate level. Having passed the mere reporting phase of sustainability, the *Environmental, Social and Governance* objectives are now integrated into the new cycle of business planning and have found their own specific space in the remuneration policy, with diversified methods for short-term (MBOs) and long-term (LTI) incentive plans. For more details, please see the report on the remuneration policy and the compensation paid and the proposals presented to the Shareholders' Meeting regarding equity-based incentive plans;
- The information flows to the Board of Directors remain a priority at TIM, in terms of timeliness, usability and completeness. The improvements, although recognised in the self-assessment, are confronted with increasingly sophisticated needs by individual members of the Board and the Board as a whole, consistent with the complexity of the issues and the delicate nature of the decisions left to the corporate bodies to evaluate. New solutions have been adopted, focusing on well-structured induction initiatives, but we do agree with the fact that there is a need to increase effectiveness (as well as efficiency, given the number of issues) of the process for preparing the Board's work;
- the level of attention given to the classification of the members of the corporate bodies as being independent is high, with a weighted application of the independence indicators defined by the Corporate Governance Code, on the basis of robust information support. In line with this heightened attention, the independence of the Board has been confirmed as a strong point in the Board review. The adaptation to the new Corporate Governance Code will also provide an opportunity to further enhance supervision of the issue at hand;
- with regard to the remuneration policy for non-executive Directors and Auditors, the benchmarks obtained confirm the adequacy of the remuneration levels ensured by TIM. The issue will be further explored in view of the opinion to be issued by the Board of Directors on the guidelines, on the basis of its term of office coming to

an end (as well as that of the Board of Statutory Auditors), at the time of the Shareholders' Meeting to approve the financial statements as at December 31, 2020.

TABLE 1 - INFORMATION ON SHARE OWNERSHIP

Share capital structure up to December 31, 2019

| | No. shares | % respect of S.C. | Listed (indicate markets)/non listed | Rights and obligations |
|-----------------|----------------|-------------------|--------------------------------------|--|
| Ordinary shares | 15,203,122,583 | 71.61% | Listed at Borsa Italiana S.p.A. | Voting rights at the Company Ordinary and Extraordinary Meetings |
| Savings shares | 6,027,791,699 | 28.39% | Listed at Borsa Italiana S.p.A. | Right to vote in special shareholders' meetings; preferential capital rights envisaged in Article 6 of the Bylaws: Preference dividend 5%, in the amount of 0.55 euro per share, biennial carrying over of the right to a preference dividend, dividend 2% (0.55 euro per share) higher than the dividend on ordinary shares |

Other financial instruments
(attributing the right to subscribe newly issued shares)

| | Listed (indicate markets)/non listed | Number of instruments in circulation | Category of shares available for conversion/subsorption | Number of shares available for conversion/subsorption |
|----------------------|--------------------------------------|--------------------------------------|---|---|
| Convertible Bonds(1) | Vienna Stock Exchange | 20,000 | TIM ordinary shares | (2) |

(1) Bonds entitled “€2,000,000,000 1.125 per cent. Equity-Linked Bonds due 2022” issued by TIM S.p.A.

(2) Exclusively to service the bond issued by TIM S.p.A., the Company resolved to increase the share capital for payment, for a total maximum amount, including any share premium, of 2.0 billion euros. The maximum number of conversion shares that may be issued shall be determined by the issue price of the shares. Each instrument in circulation is worth 100,000 euros.

Significant shareholdings as at December 31, 2019

| Declarant | Direct shareholder | Percentage of ownership | % of voting capital |
|----------------------------------|-----------------------------------|-------------------------|---------------------|
| Vivendi S.A. | Vivendi S.A. | 23.94% | 23.94% |
| Cassa Depositi e Prestiti S.p.A. | Cassa Depositi e Prestiti S.p.A. | 9.89% (*) | 9.89% (*) |
| Paul E. Singer | Elliott International LP | 6.49% | 6.49% |
| | Elliott Associates LP | 1.94% | 1.94% |
| | The Liverpool Limited Partnership | 1.12% | 1.12% |
| | | 9.55% (**) | 9.55% (**) |
| Canada Pension Plan Board | | 3.21% | 3.21% |
| CPPIB Map Cayman SPC | | 0.03% | 0.03% |
| | | 3.24% (***) | 3.24% (***) |

With regard to significant shareholdings subsequent to December 31, 2019, it should be noted that Paul Singer has informed Consob and the Company pursuant to art. 120 of Legislative Decree 58/1998 of the indirect availability on January 7, 2020, through the subsidiaries Elliott International LP, Elliott Associates LP and The Liverpool Limited Partnership, of a quantity of ordinary shares equal to 9.72% of the total ordinary capital stock.

(*) Following evidence taken from the communication of participation in the shareholders' meeting of TIM S.p.A. on 29 March 2019

(**) Paul E. Singer is a General Partner of Elliott Capital Advisors LP. This is an indirect shareholding as at January 31, 2019 notified to Consob and the Company pursuant to Art. 120 of Legislative Decree 58/1998. At the Shareholders' Meeting of TIM S.p.A. of March 29, 2019, Elliott International LP, Elliott Associates LP and The Liverpool Limited Partnership represented a total of 8.81% of the ordinary share capital.

(***) Canada Pension Plan Investment Board communicated to Consob and to the Company, pursuant to Art. 120 of Legislative Decree 58/1998, a shareholding as at January 21, 2019 of a total number of shares equal to 3.13% of which 3.10% directly and 0.03% via the subsidiary CPPIB Map Cayman SPC. On March 29, 2019 Canada Pension Plan Investment Board attended the shareholders' meeting of TIM S.p.A. with a direct shareholding for a number of shares equal to 3.21% of the ordinary share capital.

TABLE 2 – STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES AND OTHER OFFICES HELD

| Position | Members | Year of Birth | Date of first appointment | Serving since | Serving until | Board of Directors | | | | | | | Control and Risk Committee | | Nomination and Remuneration Committee | | Related Party Committee | | Strategy Committee | |
|--|---------------------------|---------------|---------------------------|---------------|----------------------------|--------------------|-------|-----------|-------------|------------|---------|------------------------------------|----------------------------|-------|---------------------------------------|------|-------------------------|-------|--------------------|------|
| | | | | | | Slate (*) | Exec. | Non exec. | Indep. Code | Indep. CLF | (**) | Number of other appointments (***) | (****) | (**) | (****) | (**) | (****) | (**) | (****) | (**) |
| Chairman | Salvatore Rossi | 1949 | 21/10/2019 | 21/10/2019 | Next shareholders' meeting | = | = | X | X | X | 2/2 | = | | | | | | | C | 1/1 |
| Director Executive Officer ⁽¹⁾ ⁽²⁾ | Luigi Gubitosi | 1961 | 04/05/2018 | 18/11/2018 | 12/31/2020 | E | X | = | = | = | 13/13 | = | | | | | | | M | 5/5 |
| Director | Alfredo Altavilla | 1963 | 04/05/2018 | 04/05/2018 | 12/31/2020 | E | = | X | X | X | 13/13 | 1 | | | C | 9/9 | | | | |
| Director | Paola Bonomo | 1969 | 04/05/2018 | 04/05/2018 | 12/31/2020 | E | = | X | X | X | 13/13 | 2 | | | M | 9/9 | | | | |
| Director | Franck Cadoret | 1957 | 27/06/2019 | 27/06/2019 | 12/31/2020 | = | = | = | = | = | 6/6 | = | | | | | | | M | 2/2 |
| Director | Giuseppina Capaldo | 1969 | 04/05/2018 | 04/05/2018 | 12/31/2020 | VS | = | X | X | X | 12/13 | 2 | | | M | 9/9 | M | 9/11 | | |
| Director | Maria Elena Cappello | 1968 | 04/05/2018 | 04/05/2018 | 12/31/2020 | E | = | X | X | X | 13/13 | 3 | | | | | M | 10/11 | | |
| Director | Massimo Ferrari | 1961 | 04/05/2018 | 04/05/2018 | 12/31/2020 | E | = | X | X | X | 13/13 | 2 | M | 9/12 | | | | | M | 5/5 |
| Director | Paola Giannotti | 1962 | 04/05/2018 | 04/05/2018 | 12/31/2020 | E | = | X | X | X | 13/13 | 2 | C | 12/12 | | | | | | |
| Director | Marella Moretti | 1965 | 04/05/2017 | 04/05/2018 | 12/31/2020 | VS | = | X | X | X | 13/13 | = | M | 12/12 | | | M | 11/11 | | |
| Director | Lucia Morselli | 1956 | 04/05/2018 | 04/05/2018 | 12/31/2020 | E | = | X | X | X | 13/13 | 1 | M | 11/12 | | | P | 11/11 | | |
| Director ⁽³⁾ | Dante Roscini | 1958 | 04/05/2018 | 04/05/2018 | 12/31/2020 | E | = | X | X | X | 13/13 | = | | | | | M | 11/11 | | |
| Director | Arnaud Roy De Puyfontaine | 1964 | 15/12/2015 | 04/05/2018 | 12/31/2020 | VS | = | = | = | = | 13/13 | 1 | | | | | | | M | 4/5 |
| Director | Rocco Sabelli | 1954 | 04/05/2018 | 04/05/2018 | 12/31/2020 | E | = | X | X | X | 12/13 | = | | | M | 9/9 | | | M | 5/5 |
| Director | Michele Valensise | 1952 | 04/05/2018 | 04/05/2018 | 12/31/2020 | VS | = | X | X | X | 12/13 | 1 | M | 12/12 | M | 9/9 | | | | |
| Directors who resigned during financial year 2019 | | | | | | | | | | | | | | | | | | | | |
| Chairman | Fulvio Conti | 1947 | 04/05/2018 | 04/05/2018 | 26/09/2019 | E | = | X | X | X | 10/10 | = | | | | | | | P | 4/4 |
| Director | Amos Genish | 1960 | 28/09/2017 | 04/05/2018 | 27/06/2019 | VS | = | = | = | = | 5/6 | 1 | | | | | | | | |
| Number of meetings held during the reference year: | | | | | | | | | | | BOD: 13 | | CRC: 12 | | NRC: 9 | | CPC: 11 | | SC: 5 | |
| Quorum required by the Bylaws to submit slates by the minorities for the election of one or more members (pursuant to art. 147-ter of the CLF): 0.5% | | | | | | | | | | | | | | | | | | | | |

NOTES:

* In this column (i) E refers to those Directors appointed by the Shareholders' Meeting of May 4, 2018 if appointed by slate voting and as candidates of the Elliott International LP, Elliott Associates LP e The Liverpool Limited Partnership slate and LV if appointed by slate voting and as candidates of the Vivendi S.A. slate;

** This column shows the attendance of the directors respectively at the Board of Directors and Committee meetings (the number of meetings the Director attended is indicated with respect to the total number of meetings he/she could have attended, no. of attendances/no. of meetings held during the actual period of office of the person concerned).

*** This column indicates the number of offices as director or statutory auditor held by the person concerned in other companies listed in regulated markets, including foreign markets, in finance, banking, insurance companies or in companies of substantial dimensions. The offices are detailed below. For further information on offices held, see the curricula vitae available on the website www.telecomitalia.com, About Us section, Board of Directors channel.

**** This column shows the status of the Director within the Committee "P" chairman, "M" member.

(1) The director in charge of the internal control and risk management system:

(2) Main person responsible for management of the Issuer

(3) Lead Independent Director (LID)

The offices held by the Directors are listed below.

| | |
|---------------------------|--|
| Alfredo Altavilla | Deputy Chairman of Recordati S.p.A. |
| Paola Bonomo | Board Member of Axa Assicurazioni and Piquadro |
| Giuseppina Capaldo | Board Member of Salini Impregilo and Ferrari NV |
| Maria Elena Cappello | Board Member of Saipem, Prysmian and Banca Monte dei Paschi |
| Massimo Ferrari | Member of the Board of Directors in Equita Group and Cairo Communication |
| Paola Giannotti | Board Member Terna and Illimity Sgr |
| Lucia Morselli | Chief Executive Officer of Arcelormittal Italia |
| Arnaud Roy De Puyfontaine | CEO and Chairman of the Management Board of Vivendi S.A. |
| Michele Valensise | Deputy Chairman of Astaldi |

TABLE 3 – STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

| Position | Members | Year of Birth | Date of first appointment * | Serving since | Serving until | Slate ** | Independence as per Code | Attendance at Board meetings *** | Number of other offices **** |
|-------------------|---------------------------|---------------|-----------------------------|---------------|---------------|----------|--------------------------|----------------------------------|------------------------------|
| Chairman | Roberto Capone | 1955 | 09/16/2012 | 05/20/2015 | 12/31/2020 | m | X | 46/46 | 17 |
| Standing auditor | Giulia De Martino | 1978 | 04/24/2018 | 04/24/2018 | 12/31/2020 | M | X | 46/46 | 11 |
| Standing auditor | Anna Doro | 1965 | 04/24/2018 | 04/24/2018 | 12/31/2020 | m | X | 44/46 | 1 |
| Standing auditor | Marco Fazzini | 1974 | 04/24/2018 | 04/24/2018 | 12/31/2020 | M | X | 46/46 | 7 |
| Standing auditor | Francesco Schiavone Panni | 1954 | 04/24/2018 | 04/24/2018 | 12/31/2020 | M | X | 44/46 | 14 |
| Alternate Auditor | Andrea Balelli | 1970 | 04/24/2018 | 04/24/2018 | 12/31/2020 | M | X | = | = |
| Alternate Auditor | Antonia Coppola | 1975 | 04/24/2018 | 04/24/2018 | 12/31/2020 | M | X | = | = |
| Alternate Auditor | Franco Della Sega | 1960 | 04/24/2018 | 04/24/2018 | 12/31/2020 | M | X | = | = |
| Alternate Auditor | Laura Fiordelisi | 1974 | 04/24/2018 | 04/24/2018 | 12/31/2020 | m | X | = | = |

Number of meetings held during the relevant year: 46 (of which 10 in its role of Supervisory Body)

Quorum required to submit slates by the minorities for the election of one or more members (for the purposes of art. 148 of the CLF): 0.5%

NOTES

* Date of first appointment of each statutory auditor means the date on which the statutory auditor was appointed for the first time (overall) to the Board of Statutory Auditors of TIM.

** This column indicates the slate from which each statutory auditor was chosen (“M: majority slate; “m”: minority slate).

*** This column shows the attendance of the statutory auditors at the Board of Statutory Auditors meetings (the number of meetings the statutory auditor attended is indicated with respect to the total number of meetings he/she could have attended, no. of attendances/no. of meetings held during the actual period of office of the person concerned).

**** This column indicates the number of offices as director or statutory auditor held by the person concerned, considered significant pursuant to Article 148 bis of the CLF and the relative implementing provisions contained in the Consob Issuers’ Regulation. The complete list of offices held is published by Consob on its website, pursuant to article 144 quinquiesdecies of the Consob Issuers’ Regulation.