

2020

Report
on the remuneration policy
and compensation paid



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2020 - Report on the remuneration policy and compensation paid

pursuant to art. 123-ter CLF
(Report approved by the Board of Directors at its meeting of 23 February 2021,
available on the website www.telecomitalia.com)

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Letter from the Chairman of the Nomination and Remuneration Committee



Alfredo Altavilla

Dear Shareholders,

As Chairman of the Nomination and Remuneration Committee of TIM, it gives me great pleasure to present you with the Report on the remuneration policy for 2021 and on the compensation paid in 2020 with reference to Directors, Statutory Auditors and Key Managers with Strategic Responsibilities.

At the end of our three-year term of office I am keen to point out the Committee's commitment to the logics of transparency regarding remuneration and the innovation effort in order to ensure the Company has suitable remuneration policies and tools in place to make it competitive in the employment market.

The 2021 remuneration policy was adapted to the disclosure requirements set out in the new regulations and is defined in line with the resolutions passed by the April 2020 Shareholders' Meeting. Note that the Board of Directors in office on the date on which this report is approved will reach the end of its term of office at the forthcoming Shareholders' Meeting called for 31 March 2021.

The remuneration policy supports the achievement of the guidelines defined in the Company's strategic plan, promoting, through the balancing and selection of performance parameters of the short and long-term incentive systems, the alignment of management's interests with the objective of ensuring sustainable business success from a medium/long-term perspective.

The Committee's intention was to consolidate as well as innovate the structure of the most significant compensation levers.

In relation to the annual time-frame, the plan was to maintain an articulated framework of complementary objectives, aiming on the one hand to guarantee business profitability, strengthen the Company's asset base and implement the country's digitisation and, on the other, to optimise the strategic nature of customers and employees.

As regards the medium/long-term time-frame, the remuneration policy envisages the launch of the second cycle of the 2020-2022 Incentive Plan, whose performance targets support value creation and the sustainability of the Company in the long-term confirming, as in 2020, alignment between Management and Shareholders expressed by the gate to growth in the value of the TIM share on the stock market with respect to the first date of the incentive cycle.

The Company's growing commitment to sustainability matters is consistently applied in the variable remuneration policy of the last few years: for 2021, the presence of targets linked to the impact of TIM's business on the environment and employee engagement is further strengthened. Diversity and inclusion objectives have been introduced for the first time: the short-term incentive system includes an objective that seeks to reduce the gender pay gap, and the long-term one introduces a parameter that measures the percentage of female managers. By adopting these criteria, the Company adopts the set of best practices on diversity management along with listed companies in Italy and its European peers.

I trust that the Report submitted for your examination provides evidence of the Committee's constant commitment over the course of these three years in office and I thank you for your acceptance and support for the remuneration policy proposed for 2021.

Alfredo Altavilla
Chairman of the Nomination and Remuneration Committee

Introduction

This Report, approved by the Board of Directors on the proposal of the Nomination and Remuneration Committee (hereinafter “the Committee”), illustrates:

- in the first section, the Policy adopted for 2021 by Telecom Italia S.p.A. for the remuneration of Directors, Statutory Auditors and Key Managers with Strategic Responsibilities, and the procedures used for the adoption and implementation of this policy;
- in the second section, the implementation of remuneration policies and remuneration paid in 2020.

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

It should be recalled that the Board of Directors in office as at the date on which this report is approved, reaches the end of its mandate at the forthcoming Shareholders' Meeting scheduled for 31 March 2021 and that the new Board of Directors shall be responsible for allocating the compensation fixed by the shareholders for the body as a whole (including compensation for participating in board committees) and for determining the remuneration of directors assigned the roles of Chairman and Chief Executive Officer.

Executive Summary

Below is a summary of the 2021 Remuneration Policy, defined continuing on with the resolutions passed by the Shareholders' Meeting in April 2020. Without prejudice to the prerogatives of the new Board of Directors, which will take up office at the forthcoming Shareholders' Meeting convened to approve the Financial Statements as at 31 December 2020, to determine the compensation of Key Managers with Strategic Responsibilities and to allocate the total compensation established by shareholders for the body as a whole, in compliance with said policy, where it is approved by the Shareholders' Meeting.

TIM's remuneration policy aims to ensure the necessary levels of competitiveness of the company in the employment market and to support the achievement of the objectives considered strategic by the Company as a leverage for the implementation of certain business strategy guidelines. The resulting remuneration architecture features the balancing of remuneration (fixed and variable) and the enhancement of the benefits and welfare system, with a view to pursuing long-term sustainable results in line with TIM's risk management policy.

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

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

the key elements of which are summarised below.

Remuneration Element	Aims and features	Description	Economic Value
Fixed Remuneration (See page 11)	The fixed remuneration component is aimed at rewarding the breadth and strategic nature of the role held, and is anchored to the reference market.	For 2021, the orientation is confirmed to progressively align individual positioning (commensurate with the responsibilities assigned and the role held) with market references, determined on the basis of periodic benchmarks, carried out with two reference Peer Groups: <ul style="list-style-type: none"> • Peer Group Industry: America Movil, AT&T, BT Group, Deutsche Telekom, KPN, Orange, Proximus, Swisscom, Telefonica, Telekom Austria, Telenor, Telia Company, Verizon Comm., Vodafone • Peer Group FTSE MIB: Atlantia, Campari, Enel, ENI, FCA, Leonardo, Prysmian Group, Saipem, Snam, Terna. 	Chairman: €600,000 gross per year. Chief Executive Officer: €1,400,000 gross per year. Key Managers with Strategic Responsibilities (KMSRs): commensurate with the role performed, with reference to the market median.
Short-Term Variable Remuneration (MBO) (See page 11)	The short-term variable component aims to support the achievement of the company's results, ensuring that the objectives are articulated coherently through the assignment of challenging targets across the entire organisation. The target value of the bonuses is commensurate with the fixed component, according to proportions that vary according to the role covered.	Performance GATE: TIM GROUP EBITDA, with a minimum level differentiated between CEO, Direct Reports to the CEO, Control Departments and the rest of the management concerned CEO objectives <ul style="list-style-type: none"> • TIM Group EBITDA • TIM Group Equity Free Cash Flow • TIM Group Net Financial Position • TIM Group Service Revenues • ESG Objectives (Customer Satisfaction Index, Employee engagement, Gender Pay Gap) KMSR Objectives: <ul style="list-style-type: none"> • In addition to the objectives attributed to the Chief Executive Officer, there is a specific Function objective Objectives for the Heads of Control Departments <ul style="list-style-type: none"> • TIM Group EBITDA • Function Objectives • ESG Objectives (Employee engagement, Gender Pay Gap) 	Chairman: not specified. Chief Executive Officer: gross value at target equal to 100% of the Fixed Remuneration. KMSRs: gross value at target up to 50% of the Fixed Remuneration and commensurate with the role covered. Heads of Control Departments: gross value at target equal to 35% of the Fixed Remuneration

Remuneration Element	Aims and features	Description	Economic Value
<p>Long-term variable remuneration</p> <p>(See page 13)</p>	<p>The long-term variable component of the remuneration is aimed at achieving alignment between the management's interests and those of shareholders, through participation in the business risk. The target value of the bonuses is commensurate with the fixed component, according to proportions that vary according to the role covered.</p>	<p>Pay-out levels:</p> <ul style="list-style-type: none"> • Minimum: 50% of the target bonus • Target: 100% of the target bonus • Maximum: 150% of the target bonus <p>Any variable remuneration paid is subject to a clawback clause.</p> <p>Demultiplier: demultiplication factor of up to a maximum of -5% of the total pay-out, connected with the failure to carry out corrective actions/remediation plans defined with the Control Departments.</p>	<p>CEO: not applicable</p> <p>KMSRs and Heads of Control Departments: applicable</p>
		<p>The 2020-2022 equity-based, rolling LTI Plan, approved by the Shareholders' Meeting on 23 April 2020, envisages 3 annual allocation cycles. For 2021, the launch is envisaged of the 2nd 2021-2023 Incentive Cycle.</p> <p>Type of Plan: CEO: Performance Shares for 100% KMSRs: Performance Share for 70% and attraction/retention share for 30%.</p> <p>Vesting period: triennial for each cycle</p> <p>Architecture for CEO:</p> <ul style="list-style-type: none"> • in relation to the performance shares assigned, the free allocation of ordinary shares is subject to the achievement of an access gate and varies in number depending on the level of achievement of two performance indicators: <ul style="list-style-type: none"> - Access gate, represented by the value of the security at the end of the cycle must be \geq the value of the security at the start of the cycle - TIM GROUP NFP/EBITDA (40%) - Relative performance of the share price compared to a panel of peers (60%) <p>Architecture for KMSRs and Heads of Control Departments:</p> <ul style="list-style-type: none"> • 70% of the profit at target is expressed by performance share, with access gate and pay-out variability depending on the level of achievement of performance indicators, similarly to what is expected for the CEO • 30% of the pay opportunity is not linked to performance conditions but ON/OFF based on the maintenance of the employment relationship with the Company or other Group Company. <p>Multiplier/Demultiplier: +/- 4% of total pay-out, linked to the % female management and growth in the % use of renewable energy in total energy purchased. The correction factor applies to both components of the Plan, both Performance Shares and Attraction/Retention Shares.</p> <p>Lock-up: 2 years</p> <p>Clawback: the plan is subject to clawbacks.</p>	<p>Chairman: Not provided for.</p> <p>Chief Executive Officer: the target value of the pay opportunity per allocation cycle is 125% of the fixed remuneration, with pay-out: <ul style="list-style-type: none"> • Minimum: 75% • Target: 125% • Maximum: 200% </p> <p>KMSRs: the target value of the pay opportunity per allocation cycle is 100% of the Fixed Remuneration. Compared to 70% of the pay opportunity (represented by performance shares), the pay-out levels are: <ul style="list-style-type: none"> • Minimum: 50% • Target: 100% • Maximum: 150% </p> <p>Heads of Control Departments: the target value of the pay opportunity per assignment cycle is 75% of the Fixed Remuneration, with a pay-out curve of the performance share component similar to that indicated for KMSRs.</p>

<i>Remuneration Element</i>	<i>Aims and features</i>	<i>Description</i>	<i>Economic Value</i>
Severance (See page 14)	It regulates the indemnity to be paid in the event of early termination of the directorship or termination of employment, in the absence of just cause for dismissal.	The severance clause may be accompanied by a non-competition clause, depending on the relevance and strategic nature of the role performed.	Chairman: not provided. Executive Directors: not exceeding 24 months' remuneration. KMSRs: treatments envisaged by the law and the national collective employment agreement.
Benefits and Welfare (See page 15)	Services offered to all (welfare) or in relation to the role covered (benefits) that increase the well-being of the individual and his or her family in economic and social terms.	Benefits are defined along the lines of last year's policy, while welfare services have been expanded to assist employees in facing up to the COVID-19 pandemic.	Chairman: not provided. Chief Executive Officer and KMSRs: recipients, by analogy with the rest of management

Directors and Statutory Auditors (except for the CEO) receive only fixed remuneration for their office (see page 25) and the reimbursement of any expenses incurred in the performance of their duties. The Company is also covered by an occupational risk policy extended to all its Directors & Officers (including Statutory Auditors).

Alignment of remuneration policy and corporate strategy

The main strategic programmes that the Company is pursuing and will pursue in 2021 relate to the creation of a broadband network at the cutting edge of technology in the country, which satisfies objectives relating to efficiency - faster connections in the most productive areas - as well as social equity: taking the same connections to the more remote, difficult parts of the country, termed “white areas”.

The strengthening of the portfolio of digital services in partnership with world leaders like Google and the recent birth of Noovle S.p.A., the new TIM Group company that aims to become the Italian centre of excellence for cloud and edge computing, support and continue to strengthen the digitisation of the country's production and administrative fabric.

In this context, the remuneration policy supports the achievement of the guidelines defined in the Company's strategic plan, promoting, through the balancing and selection of performance parameters of the short and long-term incentive systems, the alignment of management's interests with the objective of ensuring sustainable business success from a medium/long-term perspective.

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

As regards the medium/long-term time-frame, the remuneration policy envisages the launch of the second cycle of the 2020-2022 Incentive Plan, whose performance objectives support the creation of value and sustainability of the Company in the long-term.

The company's growing commitment towards sustainability is consistently applied in the remuneration policy applied in the last few years: for 2021 too, the presence is confirmed in the short and long-term variable incentive systems of targets linked to the impact of corporate business on the environment, on the employee engagement and the customers satisfaction. In addition, for the first time, the short-term incentive system now includes an objective to reduce the gender pay gap; at the same time, an objective has been foreseen for the long-term incentive system, seeking to strengthen the presence of female management staff.

The scheme given below highlights the correlations between drivers of the 2021-2023 Strategic Plan and the objectives of the short and long-term variable incentive systems:

		MBO					LTI	
		EBITDA	NFP	Service revenues	EFCF	ESG	NFP/ EBITDA	TSR
Drivers plan 2021-2023	Commercial proposition	✓	✓	✓	✓	✓	✓	✓
	Technological infrastructure		✓		✓	✓	✓	✓
	Operation excellence	✓	✓		✓	✓	✓	✓
	Organizational model	✓	✓			✓	✓	
	Environmental, social and corporate governance	✓	✓	✓	✓	✓	✓	✓

Remuneration Policy and COVID pandemic emergency

The guidelines to the remuneration policy also take into account employee working conditions, with particular regard to the emergency characterising the current social-economic context.

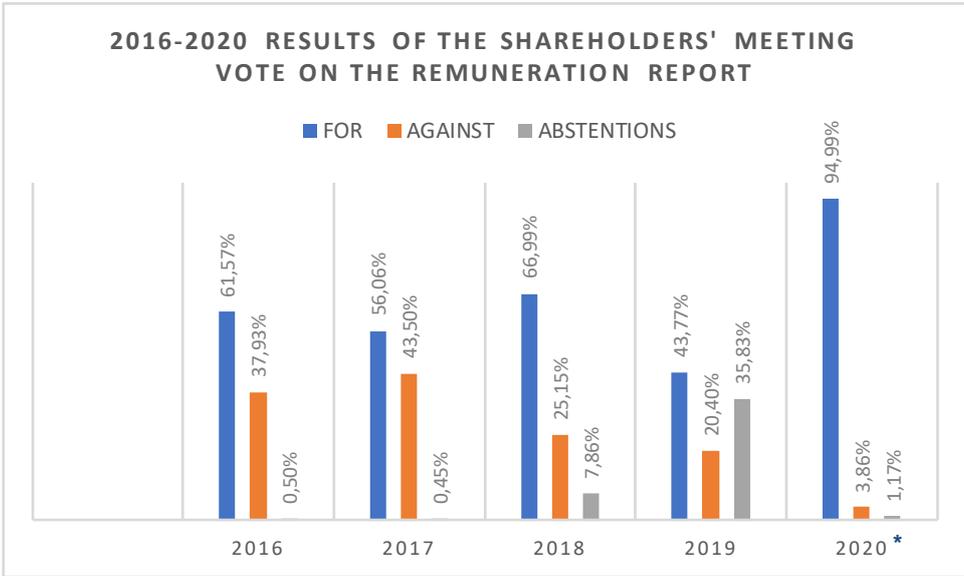
Starting 2020, in fact, the Company has undertaken to strengthen the safety at work measures following the COVID-19 pandemic and to also assist employees with the help of an extended range of personal services: as well as the set of welfare services envisaged previously, TIM has now also added health insurance cover in the

event of hospitalisation for COVID, a voluntary flu vaccination campaign, several blood test and swab campaigns and a personal psychological support unit.

In addition, with the agreements stipulated on agile working in August 2020, the Company has chosen to invest in the flexibility, autonomy and professional responsibility of its employees, certain that it can thus foster the best possible contribution by everyone, the sharing of ideas and quality for customers. It has trialled a new working model that combines a digitisation of processes, a redesign of spaces and the agile organisation of activities, strengthening the capacity to work to objectives and preparing for the end of the pandemic emergency, when days of working in the office will alternate with days spent working from a remote position.

Outcome of the votes on the Remuneration Report

Below are the results of the votes on the Remuneration Report - Section I, in 2016 - 2020, calculated on the actions for which a vote was cast.



*Binding vote on section I of the Report

Shares for which a vote was cast

2016	2017	2018	2019	2020
60,48%	58,37%	65,16%	67,01%	65,09%

In 2020, the year in which the binding vote was introduced for Section I of the Remuneration Report, an important result was also achieved in terms of the dialogue with the world of investors and the main proxy advisors, aimed on the one hand at examining the feedback received on the Report presented to the 2019 Shareholders' Meeting and on the other, at better representing the new remuneration policy, where necessary, altering it to meet with the expectations of investors in the future.

Considering the positive feedback on the 2020 policy received during the shareholders' meeting, the choice when defining the policy for 2021 was essentially to maintain consistency.

SECTION I - 2021 REMUNERATION POLICY

PARTIES INVOLVED AND PROCEDURES USED IN THE REMUNERATION PROCESS

The remuneration policy involves the following bodies.

Shareholders' Meeting

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

Board of Directors

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

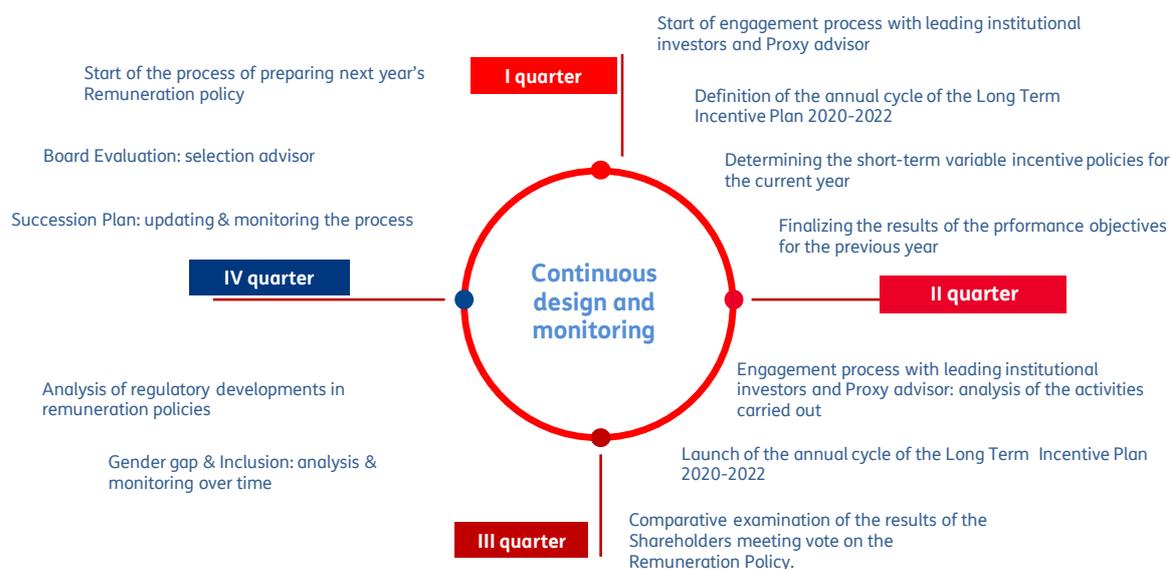
In order to ensure that the decisions taken regarding remuneration are appropriately investigated, the Board of Directors avails itself of the support of the Nomination and Remuneration Committee.

Nomination and Remuneration Committee

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

For the composition, the specific activities carried out and the operating procedures of the Committee, please refer to the provisions of its Rules and Regulations, available at the website www.telecomitalia.com, Group section, *Governance System channel*.

Below is the cycle of activities that have characterised the Committee's work for the period 2020-2021:



Board of Statutory Auditors

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

2021 Policy Derogation Procedure

When Exceptional Circumstances arise (which, in compliance with the provisions of Article 123-ter, subsection 3 of the CLF, are understood as situations in which derogation from the Remuneration Policy is necessary for the pursuit of long-term interests and the sustainability of the Company as a whole or to ensure its capacity to stay abreast of the market), the Company may temporarily waive the following elements described in this Report:

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

These exceptions will be approved by the Board of Directors, on the proposal of the Nomination and Remuneration Committee, by reasoned deliberation and following TIM's Procedure for related party transactions.

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

[TIM - 2020 Report on the remuneration policy and compensation paid](#)

2021 REMUNERATION POLICY TOOLS AND GUIDELINES

The Telecom Italia Group’s remuneration policy is aimed at ensuring the company’s competitiveness in the labor market, as well as its ability to attract, retain and motivate people, in the face of sustainable performance.

The following guidelines continue on with the resolutions passed by the April 2020 Shareholders' Meeting. It should be recalled that the Board of Directors in office as at the date of approval of this Report shall end its mandate at the Meeting convened to approve the Financial Statements at 31 December 2020 and that the new Board of Directors shall be called to determine the compensation of Key Managers with Strategic Responsibilities and the allocation of the compensation fixed by the Shareholders' Meeting for the administrative body as a whole.

In this scenario, for the CEO, the reference taken for remuneration shall be that established by the 2020 remuneration policy, which can be remodulated in connection with the strategic challenges and the skills/experience profile of the subject called to office, taking into account remuneration benchmarks. In a similar fashion, a hypothesis may be considered to continue as before for the Chairman of the Board of Directors. For both the CEO and Key Managers with Strategic Responsibilities, the remuneration structure envisages a suitable balancing of the fixed component and variable component, and under the scope of this, an important incidence of the long-term component, paid entirely in shares.

The 2021 remuneration policy is designed to pursue:

- the achievement of the Company's ESG and strategic targets
- the competitiveness of the company on the labour market
- the engagement of its people
- internal fairness, including gender fairness
- the alignment of the interests of the management with sustainable corporate success through the creation of value for shareholders and the sustainability of the results in the long term
- the safeguarding of consistency at Group level, while taking account of the diversity of the reference markets

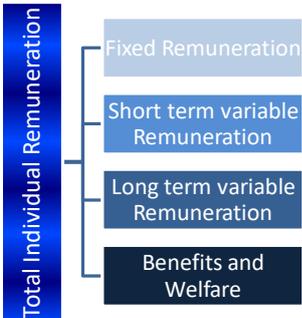
The definition of policies is supported by an analysis of market practices both in terms of remuneration levels and the composition of remuneration packages, with a panel of companies in the Telco and Media sector at international level (*peer Group Industry*) and Italian companies comparable in terms of size and/or market capitalization (*FTSE MIB peer Group*). The panel identified is subject to periodic review.

PEER GROUP INDUSTRY	
America Movil	Swisscom
AT&T	Telefonica
BT Group	Telekom Austria
Deutsche Telekom	Telenor
Koninklijke KPN	Telia Company
Orange	Verizon Comm.
Proximus	Vodafone

PEER GROUP FTSE MIB	
Atlantia	Leonardo
Campani	Prysmian Group
Enel	Saipem
ENI	Snam
FCA	Terna

The components of individual remuneration are:

- Fixed Remuneration (the only form of compensation envisaged for Directors without particular offices, for the Chairman and for Statutory Auditors)
- Short-term Variable Remuneration
- Long-term Variable Remuneration
- Benefits and Welfare.



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

The individual remuneration components are analysed below.

FIXED REMUNERATION

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

The need to ensure economically sustainable business management determines the selectivity of salary increases, which – in continuity with the previous year – will concern cases of high quality of the resource and misalignment with the reference market. Particular attention will be paid to gradually bridging the gender pay gap.

For 2021, the orientation to progressively align fixed remuneration with market practices, through differentiated modalities, is confirmed. In particular, for resources with high seniority, strong market exposure and relevance of the position held – which includes Key Managers with Strategic Responsibilities – the median of the reference market will be taken as a reference, with the possibility of reaching even higher values.

With reference to the renewal of the Board of Directors, the outgoing Board of Directors will proceed, for the first time in TIM, to submit its own list of candidates and make the accessory proposals, including the compensation allocated to the board as a whole, expressed in terms of the maximum amount. The methods of allocation and effective commitment of the total compensation, as established by the Shareholders' Meeting, shall remain attributed to the Board, which will consider the market benchmark, as well as the workload the responsibilities correlated with participation in the board committees.

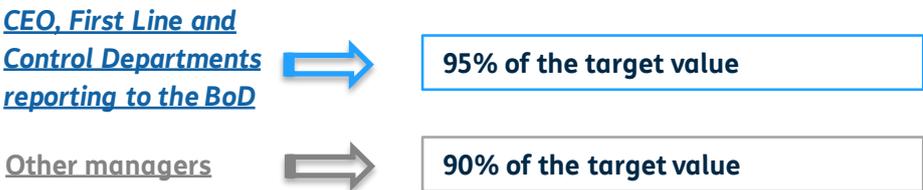
Compensation of Statutory Auditors is established by the Shareholders' Meeting on the proposal of the shareholders, in particular, historically, of those submitting the majority slate. In this respect, in view of the renewal of the body by the Shareholders' Meeting on 31 March 2021, together with the slate, shareholders were invited to submit a compensation proposal, which by practice sets apart the remuneration of the Chairman from the remuneration of the remaining Standing Auditors. Attention was then drawn to the circumstance that - as per the organisational model adopted by TIM in accordance with Italian Legislative Decree no. 231/2001, starting 1 April 2020 - one Standing Auditor will be called to be a part of the Company's supervisory body: in formulating the proposed remuneration, the recommendation was therefore given to envisage not only a "basic" compensation to be paid to the Chairman of the body and to each Standing Auditor, additional compensation for the Standing Auditor assigned the role.

SHORT TERM VARIABLE REMUNERATION

The Short-Term Incentive System

With respect to the previous architecture, the 2021 short-term incentive system envisages the strengthening of the ESG objective thanks to both the increase of its percentage weight and the more structured organisation: the Customer Satisfaction and Employee Engagement objectives are confirmed, as had also been envisaged in 2020, and a new objective was added to reduce the gender pay gap in management staff.

The system has a "gate" objective consisting of the TIM Group EBITDA corporate indicator, which continues to be a condition for accessing the premium, connected with all objectives assigned to the beneficiaries of the incentive. The effort required by the management in achieving the EBITDA Gate is differentiated and the minimum level is articulated as follows:



For the Chief Executive Officer, the following objectives are envisaged:

OBJECTIVES	WEIGHT
TIM GROUP EBITDA (GATE)	30%
TIM GROUP EQUITY FREE CASH FLOW	23%
TIM GROUP NFP	15%
TIM GROUP SERVICES REVENUES	10%
ESG INDICATOR	22%
<ul style="list-style-type: none"> • CUSTOMER SATISFACTION INDEX (10%) • EMPLOYEE ENGAGEMENT (6%) • MANAGERS GENDER PAY GAP (6%) 	

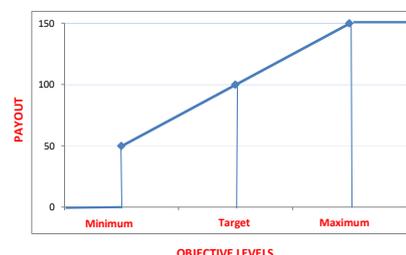
The structure of the ESG objective for 2021 strengthens the centrality of the two essential stakeholders for the Company, external customers and internal employees, in the pursuit of the strategic objectives, flanking Customer Satisfaction and Employee Engagement objectives - already envisaged in 2020 - with a diversity & inclusion component, represented by the goal of reducing the pay gap between men and women on the management team. While remaining significant, the weight of the Employee Engagement target was re-proportionated compared to last year due to the very positive result already achieved in 2020 compared to the targets previously disclosed to the market.

For Key Managers with Strategic Responsibilities, the same objectives attributed to the Chief Executive Officer are envisaged, to which a specific function objective is added.

In 2021, the pay-out multiplier factor is confirmed, linked to the failure to implement corrective actions/remediation plans defined with the Control Departments. Introduced on an experimental basis in 2019 with the aim of strengthening the management's culture and sensitivity to the Company's internal control and risk management issues, also in 2021, the multiplier will be able to act up to -5% of the total incentive pay-out. It applies to Key Managers with Strategic Responsibilities and other managers targeted by the incentive system.

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

OBJECTIVE LEVELS	PAY OUT (% Bonus target)
Minimum	50
Target	100
Maximum	150



Linear interpolation is used to determine premiums linked to intermediate achievement levels between the minimum, target and maximum target levels.

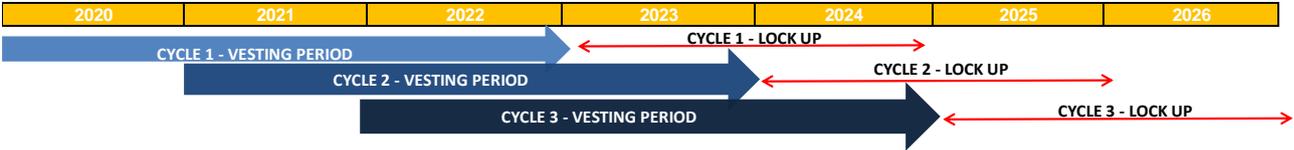
The accrued bonus will be fully paid in cash and, for Key Managers with Strategic Responsibilities, it is subject to a clawback clause.

Also in 2021, the possibility is envisaged for executives to opt between paying the accrued bonus on a payroll and paying the amount - all or part of it - to the Fontedir supplementary pension fund, thereby benefiting from more favourable tax and contribution treatment, at no additional cost to the Company.

LONG-TERM VARIABLE REMUNERATION

2020-2022 Long-Term Incentive Plan

The remuneration policy for the year 2021 includes the launch of Incentive Cycle II of the 2020-2022 equity-based, rolling LTI Plan. It is noted that the 2020-2022 LTI Plan provides for three allocation cycles, each with three-year vesting period and two-year lock up.



Incentive cycle I was launched on 18 May 2020, with a vesting period of 2020-2022. Cycle II will also involve approximately 150 recipients: the Chief Executive Officer, the Top Management and a selected segment of TIM Group management.

The structure of the Plan into two components, performance share and attraction/retention share, the differentiated award between the CEO and the other recipients and the pay opportunity are unchanged with respect to incentive cycle I. Cycle II envisages share performance, economic, climate oriented and – this year for the first time - diversity & inclusion indicators, confirming the 2020-2022 LTI Plan as the central remuneration policy tool by which to pursue both business strategy and the sustainability policies of the Company in the medium/long-term.

Specifically, the plan is divided in two parts:

- **Performance Shares:** free allocation of ordinary shares of the Company, the vesting of which is subject to an access gate linked to the value of the share and to two performance conditions of an equity and industrial nature
- **Attraction/Retention component:** free allocation of ordinary shares of the Company, the vesting of which is subject to the continuity of the employment relationship with TIM or TIM Group Companies. This component mainly responds to the need to provide an incentive to attract, in a change management context, resources from external companies that are equipped with them.

For both components, the overall pay-out will be corrected by a bonus/malus factor connected to a sustainability indicator, linked for the 2021-2023 cycle to environmental impact and diversity & inclusion.

Allocation for the CEO

For the CEO, 100% of the pay opportunity is linked to the Performance Share component.

The Performance Share includes an access gate, two performance conditions and a pay-out correction mechanism:

- Access gate, represented by the value of the security, which at the end of each cycle must be equal to or greater than the value of the security at the start of the same cycle (refer to the normal value of the share equal to the average of the official closing prices of the Stock Exchange 30 days prior to the start and end of the Plan cycle)
- NFP/EBITDA ratio, with a relative weight of 40%, with threshold level more challenging than the rest of the recipients
- Relative performance of the ordinary share compared to a basket of Peers, with a relative weighting of 60%. The peers identified are:

BT Group	Swisscom
Deutsche Telekom	Telefonica
ELISA	Telekom Austria
Koninklijke KPN	Telenor
Orange	Telia Company
Proximus	Vodafone

- pay-out bonus/malus mechanism of 4%, linked, in equal measure, to the increase in the use of renewable energy as a % of the total energy purchased and to the growth in the number of female managers.

Allocation for Key Managers with Strategic Responsibilities

For Key Managers with Strategic Responsibilities, 70% of the pay opportunity is linked to the Performance Share component and the remaining 30% is linked to the Attraction/Retention component.

The Performance Share component is subject to the same conditions as the CEO, except the NFP/EBITDA threshold level to access the minimum bonus, which is more challenging for the CEO.

For both components, the overall pay-out will be corrected by the bonus/malus factor, described above.

Pay Opportunity Performance Share: it is equal to a percentage of the fixed component of remuneration. In particular:

OBJECTIVE LEVELS	PAY OUT CEO (% fixed component)	PAY OUT Key Managers with Strat. Responsibilities (% fixed remuneration)
Minimum	75	50
Target	125	100
Maximum	200	150

Pay Opportunity Attraction/Retention Component: only a flat ON/OFF pay-out level (equal to the target) is envisaged, as the vesting of the shares is linked to the maintenance of the employment relationship with TIM S.p.A. or another TIM Group Company at the end of the three-year vesting period.

Lock-up and Clawback: a holding period of 2 years is envisaged for 100% of the shares matured, subject to the sale – on maturity – of a sufficient number of shares to pay taxes (“sell to cover” clause).
The Plan is subject to a clawback clause for all recipients.

Termination of the contract of employment: the Performance Shares assigned for each Incentive Cycle shall remain subject to accrual (without any acceleration in the vesting period) in the event of death of the Beneficiary or cessation of Contract due to: (i) retirement, (ii) termination by mutual agreement, (iii) placement outside the Group's area of competence, for any reason, of the company or corporate complex at which the Beneficiary was employed; (iv) dismissal for justified objective reasons; (v) total and permanent invalidity; the termination event must take place starting 1 January of the second year of each Incentive Cycle. If maintained, the number of Performance Shares assigned will be redetermined proportionally to the portion of the Incentive Cycle that has already passed, in terms of whole months, starting 1 January of the first year of the Incentive Cycle.

Attraction/Retention Shares shall extinguish definitively and without any form of restoration in case of death of the Beneficiaries or cessation for any reason of the Contract of Employment during the vesting period.

For more details, see the specific information document, available for consultation on www.telecomitalia.com and the 2019 Report on the remuneration policy and remuneration paid ([2019 Remuneration Report](#)).

SEVERANCE AND NON-COMPETITION PACKAGES

In the light of best practices regarding “Termination Provisions” for the office as Director of Executive Directors, it is company policy that the severance indemnity, in the event of early termination without just cause, is equal to the compensation that would have been paid at the end of the contract, with a maximum of 24 months of remuneration.

For the whole of the company management team, including Key Managers with Strategic Responsibilities, severance payment packages established by law and the National Collective Employment Agreement are provided for, with a maximum of 24 additional monthly payments.

It will also be the responsibility of the Chief Executive Officer to identify the resources that – due to the importance and strategic nature of the role held – may be recipients of a non-competition agreement, the contents of which will be related to business risk.

With specific reference to the 2020-2022 Long-Term Incentive Plan, reference is made to that described in “Termination of employment” in the paragraph on the “2020-2022 Long-Term Incentive Plan”.

CLAWBACK

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

BENEFITS AND WELFARE

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

- **benefits** are assets made available to beneficiaries, depending on the position performed and are aimed at improving their well-being (check-ups, loans, mixed-use cars, mobile phones).
- **welfare** is the set of non-monetary services made available to the entire company population regardless of the position held, aimed at increasing the individual and family well-being of employees (personal services, coverage of health expenses, supplementary pensions, insurance policies). These services have been further extended in correlation with the COVID-19 pandemic (stipulation of health insurance policy in the event of hospitalisation for COVID-19, a personal psychological support unit, campaigns for blood tests and swabs and a voluntary flu vaccination campaign).

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

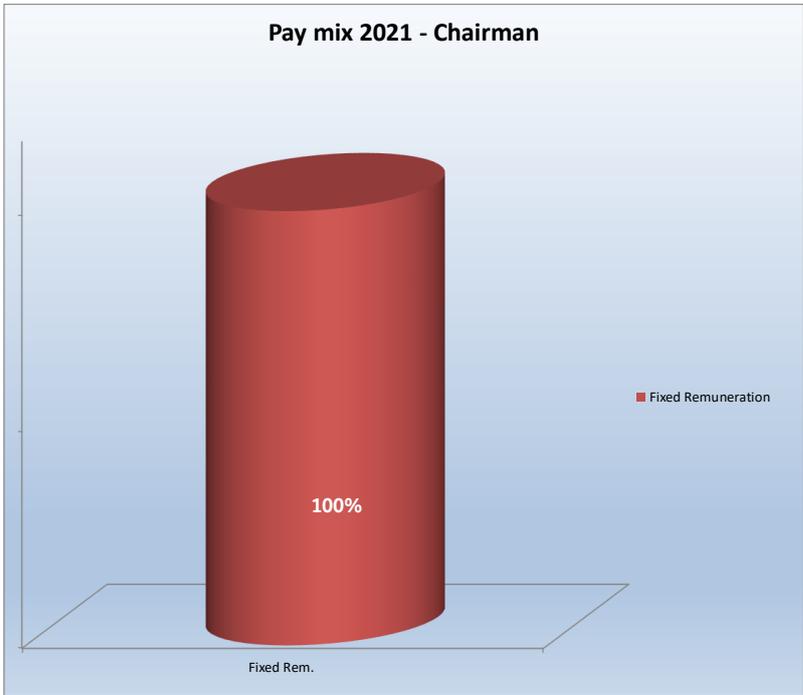
REMUNERATION OF THE NON-EXECUTIVE CHAIRMAN

The remuneration package for the Chairman consists of only the fixed component; below is a description of the remuneration package assigned to the Chairman, as determined by the Board of Directors on 21 October 2019, on the proposal and with the approval of the Nomination and Remuneration Committee.

Without prejudice to the prerogatives of the new Board of Directors to be appointed by the Shareholders' Meeting on 31 March 2021 to determine the compensation of Key Managers with Strategic Responsibilities, economic treatment is envisaged along similar lines to previously, taking as reference that already established by the 2020 Remuneration Policy, but which can be adjusted according to the skills/experience of the person called to take up the office and taking due account of remuneration benchmarks.

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

The 2021 pay mix, in continuing on from 2020, as indicated above, is as follows.



CHIEF EXECUTIVE OFFICER'S REMUNERATION

Below is a description of the remuneration package established by the Board of Directors (upon proposal and assent of the Nomination and Remuneration Committee) with reference to the position assigned to Luigi Gubitosi as General Manager and appointed Chief Executive Officer.

Without prejudice to the prerogatives of the new Board of Directors to be appointed by the Shareholders' Meeting on 31 March 2021 to determine the compensation of Key Managers with Strategic Responsibilities, economic treatment for the Chief Executive Officer is envisaged along similar lines to previously, taking as reference that already established by the 2020 Remuneration Policy, but which can be adjusted according to the strategic challenges and skills/experience of the person called to take up the office and taking due account of remuneration benchmarks.

- **Fixed component**

A gross annual amount of €1,400,000 is set for the Chief Executive Officer as fixed remuneration, distributed between the remuneration for the executive employment relationship (€1,300,000) and the remuneration for the office of CEO (€ 100,000), as established by the Board of Directors on 18 November 2018 and thereafter revised on 1 April 2020.

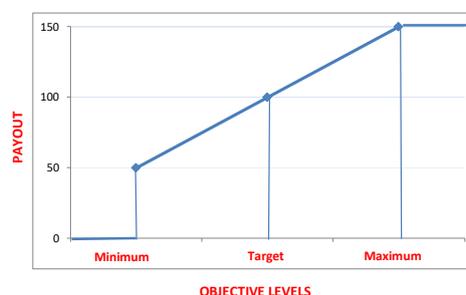
The Chief Executive Officer does not receive remuneration for the office of Director or for his membership of the Sustainability and Strategies Committee (pursuant to Art. 2389(1) of the Italian Civil Code).

The fixed component of the Chief Executive Officer's remuneration is to be considered adequate to provide remuneration for the position held in the event that the variable component is not paid due to the failure to achieve the performance objectives indicated by the Board of Directors.

- **Short-term variable component**

For each year of his/her term of office, the Chief Executive Officer is awarded a short-term variable component (MBO), based on the achievement of the targets set annually by the Board of Directors, corresponding to 100% of his/her fixed remuneration (€1,400,000); a parametric scale is applied that recognizes a bonus equal to 50% of the target in case of reaching the minimum level, up to a bonus equal to 150% of the target in case of reaching the maximum level.

OBJECTIVE LEVELS	PAY OUT (% Bonus target)
Minimum	50
Target	100
Maximum	150



Each target is measured individually, so different combinations of the levels of achievement of the targets are possible; the linear interpolation mechanism will be used to assess these levels.

The Board of Directors on 23 February 2021 prepared – as proposed by the Nomination and Remuneration Committee and in keeping with the general architecture - the following incentive targets for the 2021 MBO:

Objectives	Weight	Min vs Tgt	Target	Max vs Tgt
TIM GROUP EBITDA GATE	30%	-5%	budget	+5%
TIM GROUP EQUITY FREE CASH FLOW	23%	-12%	budget	+12%
TIM GROUP NET FINANCIAL POSITION	15%	+2,5%	budget	-2,5%
TIM GROUP SERVICES REVENUES	10 %	-2%	budget	+2%
ESG INDICATOR:	22%			
• Customer Satisfaction Index (10%)		-0,7%	Target	+2%
• Employee Engagement (6%)		- 1 pp	Target	+1 pp
• Managers Gender Pay Gap (6%)		+0,4pp	Target	-0,5 pp

For 2021, the TIM Group EBITDA gate is confirmed, the achievement of which at a minimum level is a condition for access to the bonus, with the effect that failure to achieve it does not allow the bonus to be paid. With respect to 2020, the weight of the ESG objective has been increased, which goes from 20% envisaged in 2020, to 22% and within this, it is structured into a Customer Satisfaction and Employee Engagement objective, also envisaged in 2020, and a new objective of reducing the gender pay gap amongst managers. While remaining significant, the weight of the Employee Engagement target was re-proportionated compared to last year due to the very positive result already achieved in 2020 compared to the targets previously disclosed to the market.

As compared with 2020, the strategic nature of the ESG indicators is therefore reinforced, as essential factors for business sustainability.

The clause to claw back the sums paid out may be activated in the three years following payment of the bonus, as set out in the policy.

- **Long-term variable component**

- LTI 2020-2022**

- The Chief Executive Officer, as General Manager bound to the Company by a contract of employment, will be assigned Incentive Cycle II of the 2020-2022 LTI Plan.

- For the description of cycle II of the 2020-2022 LTI Plan, please refer to pages 13 and 14 and for more details, to the information document of the initiative available on the website www.telecomitalia.com.

- The target setting of the 2021-2023 cycle is expected to be substantially in continuity with the 2020-2022 cycle.

- The total pay-out bonus/malus mechanism is linked to two indicators:

- percentage growth of renewable energies with respect to total energy, with an annual increase target of 5 percentage points;
 - growth in the number of female managers, with the target of reaching by the end of the 2021-2023 Cycle 26% of the total managerial population.

- **Severance**

- As set out in the policy, if the employment of the Chief Executive Officer should be terminated without just cause, he will be paid compensation equal to the remuneration he would have been entitled to the end of his term of office, with a maximum of 24 times his monthly salary. With respect to termination of the employment contract, severance pay packages established by law and the National Collective Labour Agreement are provided for, with payment of a maximum of 24 additional months' pay (calculated as the sum of the gross annual pay and MBO).

- With specific reference to the 2020-2022 Long-Term Incentive Plan, reference is made to that described in "Termination of employment" in the paragraph on the "2020-2022 Long-Term Incentive Plan".

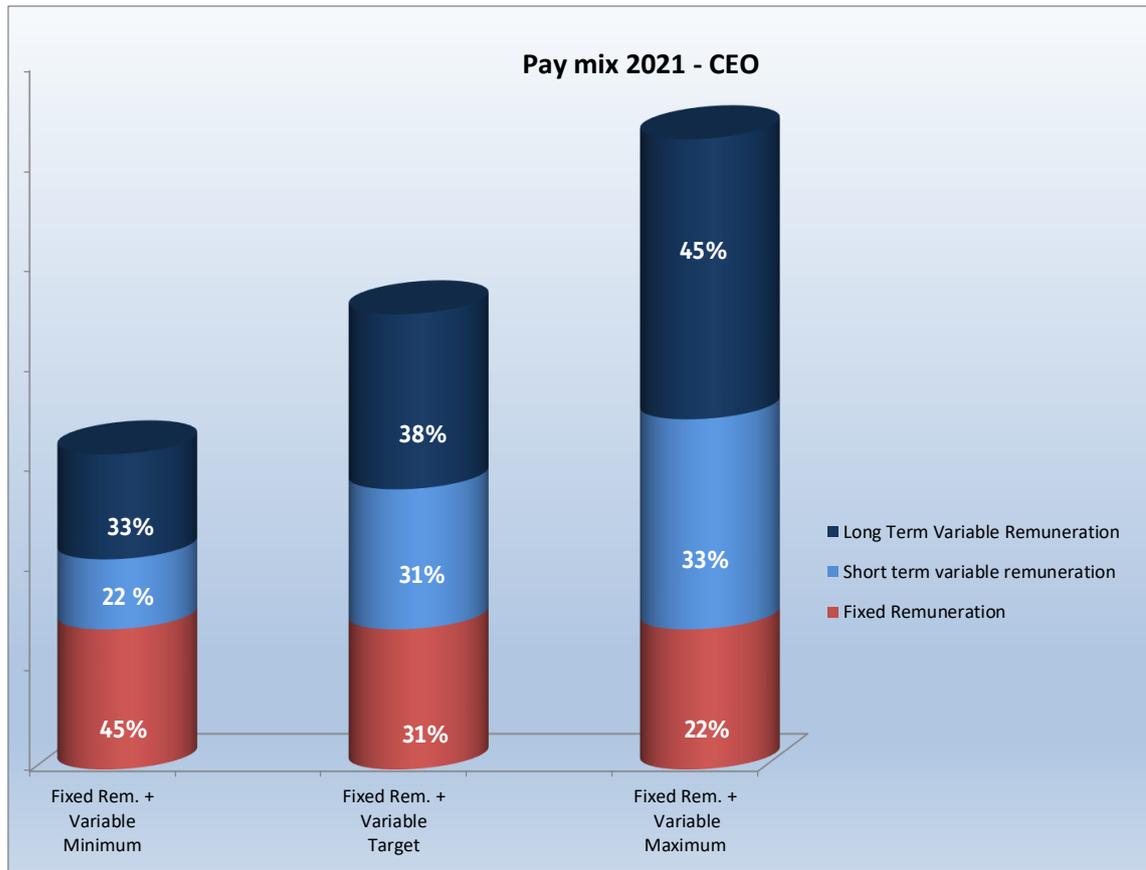
- **Benefits**

- In relation to the managerial role, the Chief Executive Officer enjoys the benefits specified for the management of the Company (health insurance cover through the Telecom Italia Group Executive supplementary healthcare assistance; supplementary pension cover through membership of the Telecom Italia Group Executive complementary pension fund; insurance cover for work-related and non-work-related accidents, life and invalidity benefit due to illness; a company car for mixed use; check-up). The Company also holds a "professional risks policy" that covers all its Directors and Officers.

- **Pay Mix**

The 2021 pay mix, in continuing on from 2020, as indicated above, is as follows.

The percentages indicated alternatively assume the disbursement of the minimum, target and maximum value for both the short-term incentive scheme – MBO – and the 2020-2022 LTI Plan. The values relative to the 2020-2022 LTI Plan are net of the potential effects connected with the bonus/malus factor of the pay-out and considering the second cycle of three-year incentive.



REMUNERATION OF MANAGERS WITH STRATEGIC RESPONSIBILITIES

The following are the names of Key Managers with Strategic Responsibilities in the period 2020-2021:

<i>Directors:</i>	
Luigi Gubitosi	Managing Director and Chief Executive Officer of Telecom Italia S.p.A. General Manager
<i>Executives:</i>	
Lorenzo Forina	Chief Revenue Office ¹
Michele Gamberini	Chief Technology & Information Office
Nicola Grassi	Procurement ²
Stefano Grassi	Security
Pietro Labriola	Presidencia TIM Participacoes
Giovanni Gionata	
Massimiliano Moglia	Chief Regulatory Affairs & Wholesale Market Office
Carlo Nardello	Chief Strategy, Business Development & Transformation Office
Agostino Nuzzolo	Legal & Tax
Federico Rigoni	Chief Revenue Office ³
Elisabetta Romano	Chief Innovation & Partnership Office ⁴
Giovanni Ronca	Chief Financial Office
Luciano Sale	Human Resources, Organization & Real Estate
Stefano Siragusa	Chief Operations Office

¹ to 3 February 3 2020

²from 16 March 2020

³from 4 February 2020

⁴until 5 August 2020, date on which she was appointed Chief Executive Officer of Telecom Italia Sparkle.

The structure of the compensation package for Key Managers with Strategic Responsibilities, excluding the Chief Executive Officer, for 2021, is as follows:

- **Fixed component**
The guideline for 2021 is to keep remuneration in line with the market median, with the possibility of achieving even higher values, setting selective criteria for adjusting fixed remuneration (see page 11).
- **Short-Term Variable Component (MBO)**
The annual incentive plan for 2021, with pay opportunities at targets up to a maximum of 50% of fixed remuneration, is linked to the achievement of a combination of predefined targets:
 - a. business objectives of an economic-financial nature;
 - b. Function objectives
 - c. ESG objective, comprising the Customer Satisfaction indicators, employee engagement and the reduction of the gender pay gap in managers.

The breakdown of objectives is described in the table below:

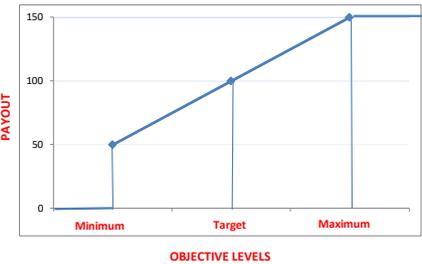
OBJECTIVES	WEIGHT
TIM GROUP EBITDA (GATE)	30%
TIM GROUP EQUITY FREE CASH FLOW	13%
TIM GROUP NFP	10%
TIM GROUP SERVICES REVENUES	15%
FUNCTION SPECIFIC OBJECTIVE	10%
ESG INDICATOR	22%
<ul style="list-style-type: none"> • CUSTOMER SATISFACTION INDEX (10%) • EMPLOYEE ENGAGEMENT (6%) • MANAGERS GENDER PAY GAP (6%) 	

A performance gate is also envisaged for 2021, consisting of the TIM GROUP EBITDA, in which achievement of a minimum level is a condition for access to the entire incentive system.

The parametric scale of appreciation of the objectives recognizes a bonus equal to 50% of the target pay-out awarded if the minimum level is reached, up to a bonus equal to 150% if the maximum target level is reached or exceeded.

Each target is measured individually, so different combinations of the levels of achievement of the targets are possible; the linear interpolation mechanism will be used to assess these levels.

OBJECTIVE LEVELS	PAY OUT (% Bonus target)
Minimum	50
Target	100
Maximum	150



With regard to this segment of the population, the multiplier factor (up to a maximum of 5%) of the overall pay-out linked to the failure to implement corrective actions/remediation plans defined with the Control Departments is applied.

It is possible to opt between paying the accrued bonus on a payroll and paying the amount - all or part of it - to the Fontedir supplementary pension fund, thereby benefiting from more favourable tax and contribution treatment.

The clause to claw back the sums paid out may be activated in the three years following payment, as set out in the specific company Regulations.

- **Long-Term Variable Component**

- **LTI 2020-2022**

- Key Managers with Strategic Responsibilities will receive Cycle II of the 2020-2022 LTI Plan, just like last year. For the description of cycle II of the 2020-2022 LTI Plan, please refer to pages 13 and 14 and for more details, to the information document of the initiative available on the website www.telecomitalia.com.

- The target setting of the 2021-2023 cycle is expected to be substantially in continuity with the 2020-2022 cycle. The total pay-out bonus/malus mechanism is linked to two indicators:

- - percentage growth of renewable energies with respect to total energy, with an annual increase target of 5 percentage points;
 - growth in the number of female managers, with the target of reaching by the end of the 2021-2023 cycle 26% of the total managerial population.

- **Severance and Non-Competition Package**

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

- In the event of termination of employment not for just cause of dismissal, it will be the responsibility of the Chief Executive Officer to identify the resources that – due to the importance and strategic nature of the role performed – may be recipients of a severance pay package, which may be associated with a non-competition agreement, if the termination of the employment relationship could entail risks for the Company.

- With specific reference to the 2020-2022 Long-Term Incentive Plan, reference is made to that described in “Termination of employment” in the paragraph on the “2020-2022 Long-Term Incentive Plan”.

- **Benefits**

- Benefits are granted similar to those provided for all other company managers: company car for mixed use, insurance policies (workplace/non workplace accidents, life and invalidity caused by illness), complementary health insurance cover, complementary pension fund and check-up. The Company also holds a “professional risks policy” that covers all its Directors and Officers.

- **Lump sum**

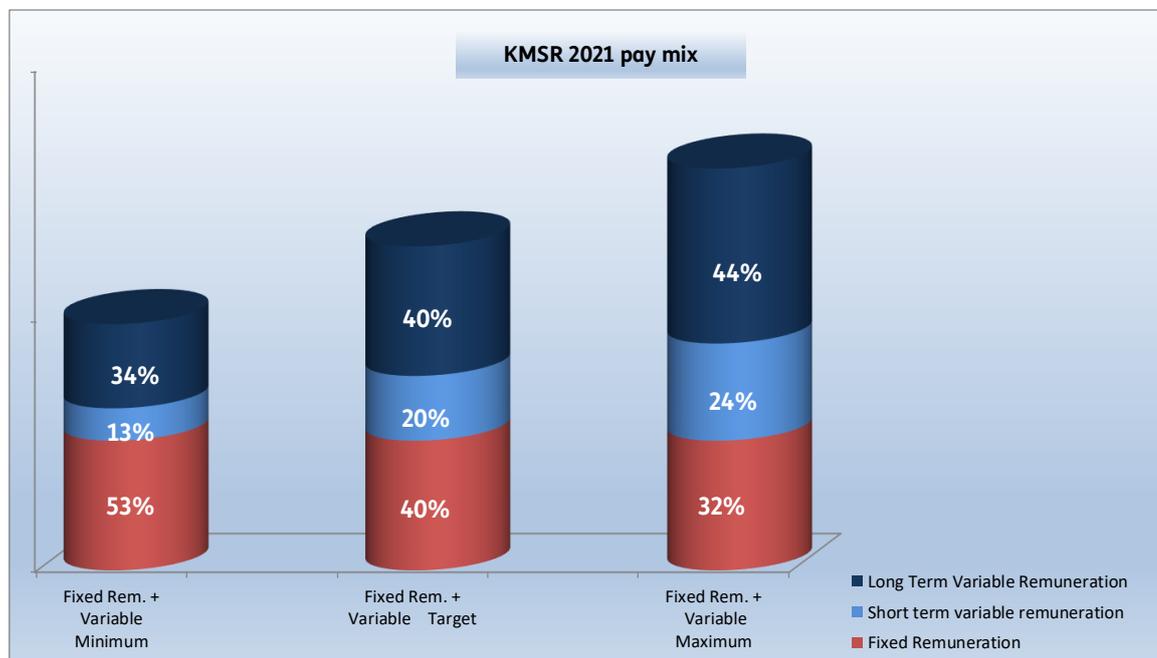
- No bonuses can be assigned that are not tied to performance conditions.

- The Company has exceptionally reserved the right to make lump sum payments during the hiring phase in order to favour the acquisition of resources with specific skills considered essential for the achievement of the strategic business objectives and who have accrued the right to specific deferred remuneration from their Company of origin.

- **Pay Mix**

The pay mix for 2021 is shown below.

The percentages indicated alternatively assume the disbursement of the minimum, target and maximum value for both the short-term incentive scheme – MBO – and the 2020-2022 LTI Plan. The values relative to the 2020-2022 LTI Plan are net of the potential effects connected with the bonus/malus factor of the pay-out and considering the second cycle of three-year incentive.



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The following are the incentive mechanisms for the Heads of the Control Departments reporting directly to the Board and the executive responsible for preparing the corporate accounting documents:

- Heads of Control Departments reporting to the Board of Directors - Incentive mechanisms
 The heads of the Control Departments (Audit, Compliance, IT & Security Compliance) are recipients of the Short-Term Variable Incentive System (with pay opportunities at a target set at 35% of fixed remuneration). Performance gate, parametric scale of appreciation of targets and pay-out curve are similar to what described for Key Managers with Strategic Responsibilities.
 The objectives over and above the gate objective, for a total weight of 60%, are connected with the role played and - in line with the overall 2021 MBO architecture - tied to an ESG goal (worth 10%), structured into employee engagement and the reduction of the pay gap in managers. The objectives are proposed by the Control and Risk Committee and approved by the Board of Directors.

These resources will also be assigned cycle II of the 2020-2022 LTI plan.

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

SECTION II – IMPLEMENTATION OF REMUNERATION POLICIES AND AMOUNTS PAID IN 2020

This section describes the remuneration measures for the members of the Board of Directors, the Board of Statutory Auditors and the Key Managers with Strategic Responsibilities in 2020.

It is confirmed that in 2020 compensation was paid in line with the 2020 Remuneration Policy.

Considering the positive feedback on the 2020 Remuneration Policy received during the shareholders' meeting, the implementation of the remuneration policies and compensation paid were essentially to maintain consistency.

REMUNERATION OF THE MEMBERS OF THE BOD

The overall annual remuneration of the Board of Directors pursuant to art. 2389(1) of the Italian Civil Code was established by the Shareholders' Meeting on 4 May 2018 as a maximum of 2,200,000 euros gross.

The Board of Directors held on 16 May 2018 divided up the remuneration, allocating 100,000 euros, gross per annum to each Director (excluding the Chairman and the Chief Executive Officer); this sum is a fixed fee. There is no remuneration linked to the company results, nor any severance pay.

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

Strategies and Sustainability Committee

(former Strategies Committee)

Salvatore Rossi (C)
Luigi Gubitosi (CEO)
Paola Bonomo
Franck Cadoret
Maria Elena Cappello
Arnaud Roy de Puyfontaine
Massimo Ferrari
Rocco Sabelli

Remuneration: € 25,000 per director (the Chairman of the Board of Directors and the Chief Executive Officer do not receive this compensation)

Nomination and Remuneration Committee

Alfredo Altavilla (C)
Paola Bonomo
Giuseppina Capaldo
Rocco Sabelli
Michele Valensise

Remuneration:
Members: € 40,000
Chairman: € 60,000

Control and Risk Committee

Paola Giannotti de Ponti (C)
Massimo Ferrari
Marella Moretti
Lucia Morselli
Michele Valensise

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

Related Parties Committee

Lucia Morselli (C)
Giuseppina Capaldo
Maria Elena Cappello
Marella Moretti
Dante Roscini

Remuneration:
Members: € 25,000
Chairman: € 40,000

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

REMUNERATION OF THE BOARD OF STATUTORY AUDITORS

The remuneration of Statutory Auditors valid for the full term of office (financial years 2018-2020) was established by the Shareholders' Meeting of 24 April 2018 as 135,000 euros gross per year for the Chairman of the Board of Statutory Auditors and 95,000 euros gross per year for each standing Auditor.

Board of Statutory Auditors

Roberto Capone (C)
Giulia De Martino
Anna Doro
Marco Fazzini
Francesco Schiavone Panni

Statutory Auditors do not receive variable remuneration, nor are they assigned benefits, but they receive reimbursement of expenses incurred in the performance of their office.

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

CHAIRMAN (Salvatore Rossi)

The office of Chairman was held by Mr Salvatore Rossi for the full year. In this period, his compensation package was as follows:

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

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

Chief Executive Officer (Luigi Gubitosi)

The office of Chief Executive Officer was held by Mr Luigi Gubitosi for the full year.

Starting on 1 April 2020 the compensation package already paid to Mr Gubitosi as employment salary, for his work as General Manager, and the office of Chief Executive Officer of the Company, for the total gross annual fixed amount of 1,400,000 (unchanged), was restructured into 1,300,000 as Gross Annual Remuneration for his employment salary and 100,000 as gross compensation for the office of Chief Executive Officer pursuant to art. 2389(3) of the Italian Civil Code, excluding the attribution of additional compensation for the office of Director and member by right of the Strategies and Sustainability Committee with the remaining components unchanged.

Moreover, as further remuneration pursuant to Art. 2389(3), Mr Gubitosi was the beneficiary of an MBO with a target amount of 1,400,000 euros gross.

The table below illustrates in detail the degree of achievement of the objectives for the 2020 MBO short-term variable component compared with the references assigned.

Values in € millions		2020 OBJECTIVE LEVELS			FINAL FIGURES		
OBJECTIVE	WEIGHT	Min Pay-out 50%	Target Pay-out 100%	Max Pay-out 150%	Result 2020	% achievement	Weighted Score
TIM Group Ebitda GATE ⁽¹⁾	30%	6,855	7,216	7,577	6,949	63.04%	18.91%
TIM Group Equity Free Cash Flow	25%	1,845	2,097	2,348	2,414	150%	37.50%
TIM Group Service Revenues	10%	14,542	14,839	15,136	14,441	0%	0%
TIM Group Adjusted Net Financial Position	15%	24,017	23,431	22,845	23,326	108.97%	16.35%
ESG indicators: a) Employee Engagement (50%) b) Customer Satisfaction Index (50%)	20%	a) 59 b) 70.43	a) 62 b) 71.82	a) 64 b) 73.22	a) 72 Survey results b) 71.74 IVQ 2020	a) 150% b) 97.12%	a) 15% b) 9.71%
							97.47%

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

The value objectives were restated pro-forma due to the impacts linked to changes in the consolidation area and rates of exchange in order to pursue the managerial significance of the comparison between the target and the final balance; the final values didn't consider the impact of significant non-recurring events and transactions as established *ex ante* by the Board of Directors and detailed in the 2020 Annual Financial Report of the TIM Group.

According to the percentage of achievement stated above, the Chief Executive Officer accrued a bonus for the 2020 short-term variable component in the amount of 1,364,580 euros gross.

On 18 May 2020 the Board of Directors of Telecom Italia launched the 2020-2022 incentive cycle as part of the 2020-2022 Long-Term Incentive Plan approved by the Shareholders' Meeting held the previous 23 April. Due to its inclusion in the 2020-2022 LTI Plan, Mr Gubitosi waived the 2020 share of the bonus in the 2018-2020 LTI Plan.

In relation to the 2018-2020 Long-Term Incentive Plan, Mr Gubitosi therefore benefited – for FY 2019 only – from the right to receive 5,490,196 ordinary shares of TIM S.p.A. free of charge at target level. In view of the level of achievement of the performance objectives for the three-year period 2018-2020, based on the 2020 financial statements data, this number amounted to 1,457,152.

The table below illustrates in detail the degree of achievement of the objectives for the long-term variable component of the 2018-2020 Long-Term Incentive Plan.

OBJECTIVE	WEIGHT	Min	Target	Cumulative Result 2018-2020	% achievement
Equity Free Cash Flow (€bln)	(30%)	3.53	4.12	3.984	88.47%

The Stock Performance objective with a weight of 70% was not achieved.

The value objectives were restated pro-forma due to the impacts linked to changes in the consolidation area, rates of exchange and accounting standards in order to pursue the managerial significance of the comparison between the target and the final balance.

In relation to the 2020-2022 Long-Term Incentive Plan, in 2020 Mr Gubitosi was attributed – for the 2020-2022 cycle – the right to receive 5,000,000 TIM S.p.A. ordinary shares free of charge at target level. Based on the level of achievement of the three-year performance objectives, this number may decrease or increase up to a maximum of 8,000,000 shares, subject to the Gate condition and the ESG corrective.

For the payments provided for in the event of termination of office or employment of Mr Gubitosi refer to the description contained in Section I of this report.

In FY 2020, the proportion between the fixed and variable remuneration, considering the total remuneration of the Chief Executive Officer, was 41% (fixed/total) and 59% (variable/total) as set out in Table 1 (column 8) of the second part of this section.

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

KEY MANAGERS WITH STRATEGIC RESPONSIBILITIES

The fixed remuneration of the Key Managers with Strategic Responsibilities comprised the gross annual remuneration in relation to the employment contract. The actions taken in 2020 were consistent with those set out in the remuneration policy for the year.

In line with the provisions of the 2020 remuneration policy, the Key Managers with Strategic Responsibilities were also the beneficiaries of an MBO short-term variable component, the first four performance objectives of which were the same as those assigned to the Chief Executive Officer but with different weights.

The objectives assigned are set out below.

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

OBJECTIVE	WEIGHT	Min Pay-out 50%	Target Pay-out 100%	Max Pay-out 150%
TIM Group Ebitda GATE ⁽¹⁾	30%	6,855	7,216	7,577
TIM Group Equity Free Cash Flow	15%	1,845	2,097	2,348
TIM Group Service Revenues	15%	14,542	14,839	15,136
TIM Group Adjusted Net Financial Position	10%	24,017	23,431	22,845
ESG indicators: a) Employee Engagement (50%) b) Customer Satisfaction Index (50%)	20%	a) 59 b) 70.43	a) 62 b) 71.82	a) 64 b) 73.22
<i>Specific function objectives</i>	10%			

(1) The minimum level of the Gate is 95% of the target value

The table below sets out the average pay-out for the 2020 MBO short-term variable component for those who qualified as Key Managers with Strategic Responsibilities in 2020, compared with the average values for those who qualified as such in previous financial years.

	2020	2019	2018	2017	2016	2015
Average Pay-out	91%	102%	*	107%	95%	90%

(*) Given the failure to achieve the minimum level of the TIM Group EBITDA objective (95% of the budget target), which is a condition of access to all other objectives, the entire MBO measure for 2018 was cancelled.

The detailed analysis of the compensation received by Key Managers with Strategic Responsibilities in FY 2020 is shown in Table 1 of the second part of this section.

* * *

It is confirmed that, in 2020, there was compliance with the remuneration policy in force with regard to the one-off bonus, benefits and severance agreements, with reference to contractual compensation such as indemnities paid in the period.

The values of the indemnities paid during the financial year with respect to termination by mutual agreement (with reference to maintenance of the right to components of the Special Award, the 2014-2016 Stock Options and the 2018-2020 Long-Term Incentive Plan, which were paid under the terms and conditions set out in the respective disclosure documents which can all be consulted on the website www.gruppotim.it) were analytically set out in Table 1 and no further amount is due. The valuation of non-monetary benefits, for the period agreed with respect to terminations by mutual agreement (as is standard practice, with respect to the nature of the benefit: e.g. insurance cover; or return of the asset: e.g. cars for business and personal use), which in any case occurred within the year, is set out in the same Table 1 until the time the role was held.

No non-competition agreements were signed in the period.

* * *

In 2020, after approval of the 2019 financial reports by the board, as per the Regulations for the 2016 Special Award (see the disclosure documents which can be consulted on the website page www.gruppotim.it) the bonus relating to the objectives achieved in FY 2016 was paid.

The Key Managers with Strategic Responsibilities were thus the beneficiaries of bonuses for a total value of 250,000 euros (represented for 200,000 euros by 256,410 TIM S.p.A. ordinary shares valued as per the plan), as detailed in tables 3A and 3B of the second part of this section.

The value objectives were restated pro-forma due to the impacts linked to changes in the consolidation area, rates of exchange and accounting standards in order to pursue the managerial significance of the comparison between the target and the final balance.

On 18 May 2020 the Board of Directors of Telecom Italia resolved to launch the 2020-2022 incentive cycle as part of the 2020-2022 Long-Term Incentive Plan approved by the Shareholders' Meeting in April (see the disclosure document which can be consulted on the website page www.gruppotim.it).

To access this measure, the Key Managers with Strategic Responsibilities who had already benefited from the 2018-2020 Long-Term Incentive Plan waived the relative share of the bonus for 2020.

As a result, the Key Managers with Strategic Responsibilities in office on 31 December 2020 were attributed (after having waived the 2020 share of the bonus, as above) the right to receive 5,386,433 TIM ordinary shares free of charge at target level with reference to the 2018-2020 Long-Term Incentive Plan (see the disclosure document which can be consulted on the website page www.gruppotim.it). In view of the level of achievement of the performance objectives for the three-year period 2018-2020, based on the 2020 financial statements data, this number amounted to 1,429,611.

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

In relation to the 2020-2022 Long-Term Incentive Plan, Key Managers with Strategic Responsibilities were attributed – for the 2020-2022 cycle – the right to receive 13,599,994 TIM S.p.A. ordinary shares free of charge at target level. Based on the level of achievement of the performance objectives for the three-year period, this number may decrease or increase up to a maximum of 18,359,994 shares, subject to the Gate condition and the ESG corrective.

The detailed analysis of the plans is shown in the tables of the incentive plans in the second part of this section.

In FY 2020, the proportion between the fixed and variable remuneration, considering the total remuneration of Key Managers with Strategic Responsibilities, was 54% (fixed/total) and 46% (variable/total) as set out in Table 1 (column 8) of the second part of this section.

ANNUAL CHANGE IN REMUNERATION AND PERFORMANCE

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

TIM S.p.A.	2020	% Change	2019
<i>Amounts expressed in thousands of euros</i>			
Chairman's Remuneration ⁽¹⁾	600	0%	600
Chief Executive Officer's Remuneration ⁽²⁾	2,759	-7%	2,972
Remuneration of the BoD Members			
Alfredo Altavilla	160	0%	160
Paola Bonomo ⁽³⁾	160	14%	140
Franck Cadoret ⁽⁴⁾	125	105%	61
Giuseppina Capaldo	165	0%	165
Maria Elena Cappello ⁽³⁾	145	16%	125
Arnaud Roy de Puyfontaine	125	0%	125
Massimo Ferrari	170	0%	170
Paola Giannotti	165	0%	165
Marella Moretti	170	0%	170
Lucia Morselli	185	0%	185
Dante Roscini	125	0%	125
Rocco Sabelli	165	0%	165
Michele Valensise	185	0%	185
Average remuneration of employees ⁽²⁾	40.4	1%	40.2

(1) In 2019 the Chairman Salvatore Rossi held the office for the period 21.10 – 31.12.

(2) The values include the variable compensation (2020 MBO and staff incentive bonuses).

(3) The Director also held the office of member of the Strategies and Sustainability Committee from 10.03.2020.

(4) In 2019, the Director Franck Cadoret held the office for the period 27.06 – 31.12.

PERFORMANCE TIM Group (IFRS 16)	2020	% Change	2019
Equity Free Cash Flow After Lease	1,615	5.3%	1,534
Adjusted Net Debt AL variation (% YoY) ⁽¹⁾	-15.1%		-6.1%
EBITDA Organic After Lease	6,249	-6.1%	6,652
Adjusted Net Debt AL / Organic EBITDA AL	3.0x		3.3x

(1) Net of non recurring items

The net debt after lease was reduced by 3.3 billion euros in 2020 (-15.1% compared to 2019), mainly thanks to cash generation from organic actions. The equity free cash flow after lease amounted to 1.6 billion euros (+5.3% on the previous year). The monetisation of Inwit contributed for the remaining part.

Therefore, the deleverage action which by 2019 had brought the net debt down by 1.4 billion euros, a drop of 6.1% compared to 2019, increased even more: the leverage ratio (the Net Debt AL / Organic EBITDA AL ratio) reduced to 3.0x (3.3x in 2019).

Organic EBITDA AL down (6.2 billion euros in 2020, -6.1% compared to 2019), showing gradual improvement over the year: in fact, in the fourth quarter a smaller reduction was recorded, -0.8%, compared to the fourth quarter of 2019.

REMUNERATION PAID IN 2020

TABLE 1: REMUNERATION PAID TO MEMBERS OF THE MANAGEMENT AND CONTROL BODY AND TO KEY MANAGERS WITH STRATEGIC RESPONSIBILITIES

The remuneration due to all the individuals who, during the financial year 2020, or a part thereof, held the position of member of the Board of Directors, of member of the management and control body, or Manager with Strategic Responsibilities (for this last category the information is shown in aggregate form) are shown below.

Board of Directors

Notes	A Name and surname	B Position	C Period of office (dd.mm)	D Expiry of term of office (mm.yy)	1 Fixed compensation	2 Compensation for involvement in committees	3 Variable remuneration non-equity			6 Fair Value of compensation equity	7 TOTAL	8 Proportion between fixed and variable remuneration (1)	9 Compensation for loss of office or termination of employment
							Bonuses and other incentives	Profit sharing	4 Non-monetary benefits				
1	Salvatore Rossi	Chairman	01.01 31.12	12.20	600						600		
2	Luigi Gubitosi	Chief Executive Officer General Manager	01.01 31.12	12.20	1,394	1,365	18		647	3,424	41% - 59%		
3	Alfredo Altavilla	Director	01.01 31.12	12.20	100	60				160			
4	Paola Bonomo	Director	01.01 31.12	12.20	100	60				160			
5	Franck Cadoret	Director	01.01 31.12	12.20	100	25				125			
6	Giuseppina Capaldo	Director	01.01 31.12	12.20	100	65				165			
7	Maria Elena Cappello	Director	01.01 31.12	12.20	100	45				145			
8	Arnaud Roy de Puyfontaine	Director	01.01 31.12	12.20	100	25				125			
9	Massimo Ferrari	Director	01.01 31.12	12.20	100	70				170			
10	Paola Giannotti	Director	01.01 31.12	12.20	100	65				165			
11	Marella Moretti	Director	01.01 31.12	12.20	100	70				170			
12	Lucia Morselli	Director	01.01 31.12	12.20	100	85				185			
13	Dante Roscini	Director	01.01 31.12	12.20	100	25				125			
14	Rocco Sabelli	Director	01.01 31.12	12.20	100	65				165			
15	Michele Valensise	Director	01.01 31.12	12.20	100	85				185			
Overall BoD (a)					3,294	745	1,365	18	647	6,069			

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

Board of Statutory Auditors

(in thousands of euros)

Notes	Name and surname	Position	Period of office (dd.mm)	Expiry of term of office (mm.yy)	Fixed compensation	Variable remuneration non-equity					TOTAL	Proportion between fixed and variable remuneration	Compensation for loss of office or termination of employment
						Compensation for involvement in committees	Bonuses and other incentives	Profit sharing	Non-monetary benefits	Other compensation			
16	Roberto Capone	Chairman	01.01 31.12	12.20	135						135		
17	Giulia De Martino	Standing Auditor	01.01 31.12	12.20	95						95		
18	Anna Doro	Standing Auditor	01.01 31.12	12.20	95						95		
19	Marco Fazzini	Standing Auditor	01.01 31.12	12.20	95						95		
20	Francesco Schiavone Panni	Standing Auditor	01.01 31.12	12.20	95					60	155		
Overall Board of Statutory Auditors (b)					515					60	575		

Key Managers with Strategic Responsibilities ⁽¹⁾

(in thousands of euros)

Notes	Name and surname	Position	Period of office (dd.mm)	Expiry of term of office (mm.yy)	Fixed compensation	Variable remuneration non-equity					TOTAL	Proportion between fixed and variable remuneration ⁽²⁾	Compensation for loss of office or termination of employment
						Compensation for involvement in committees	Bonuses and other incentives	Profit sharing	Non-monetary benefits	Other compensation			
Remuneration in the company drawing up the financial statements					5,079	2,765		281	4	1,456	9,585	56% - 44%	2,259
Remuneration from subsidiaries					494 ⁽³⁾	488 ⁽⁴⁾			97	403 ⁽⁵⁾	1,482	40% - 60%	
Total Key Managers with Strategic Responsibilities (c)					5,573	3,253		281	101	1,859	11,067	54% - 46%	2,259
TOTAL REMUNERATION PAID (a+b+c)					9,382	745	4,618	299	161	2,506	17,711		2,259

(1) The remuneration refers to all the individuals who held the position of Key Managers with Strategic Responsibilities during the 2020 financial year, or any part thereof (13 managers);

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

(3) The amount referring to the local work contract has been converted at the average exchange rate for 2020 at 31/12/2020 (Real/€ 5.88806).

(4) In the absence of the final figures of the local bonus relating to FY 2020, the value stated in the table has been estimated on the basis of pre-closing data and provision was made in the 2020 Financial Statements. This amount refers to 2,874,990 Reais converted into euros at the average exchange rate for 2020 at 31/12/2020 (Real/€5.88806).

(5) This amount refers to the equity compensation of local incentive plans based on financial instruments converted at the average exchange rate for 2020 at 31/12/2020 (Real/€ 5.88806).

- 1 **Salvatore Rossi – Chairman**
 - col. 1 The amount refers to the remuneration pursuant to article 2389, subsection 3, of the Italian Civil Code received for serving as Chairman for the period 01/01 - 31/12/2020. The Chairman does not receive remuneration for the office of Director or for his membership of the Strategy Committee (pursuant to Article 2389(l) of the Italian Civil Code).
- 2 **Luigi Gubitosi - Chief Executive Officer and General Manager**
 - col. 1 This amount includes remuneration for employment (€/000 1,225) for the office of General Manager as well as fixed remuneration pursuant to article 2389(3) of the Italian Civil Code (€/000 169) for the office of Chief Executive Officer. The Chief Executive Officer does not receive remuneration for the office of Director or for his membership of the Strategy Committee (pursuant to Art. 2389(1) of the Italian Civil Code).
 - col. 2 This amount, paid pursuant to article 2389(3) of the Italian Civil Code, refers to the bonus relating to the financial year for targets achieved in the year itself.
 - col. 6 This amount refers to the equity compensation of incentive plans based on financial instruments, posted in the financial statements and estimated in application of international accounting standards.
- 3 **Alfredo Altavilla – Director**
 - col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
 - col. 2 This amount refers to the compensation received as member of the Nomination and Remuneration Committee (€/000 40) and as Chairman of the Nomination and Remuneration Committee (€/000 20).
- 4 **Paola Bonomo – Director**
 - col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
 - col. 2 This amount refers to the compensation received as member of the Nomination and Remuneration Committee (€/000 40) and member of the Strategies and Sustainability Committee (€/000 20) for the period 10/03 – 31/12/2020.
- 5 **Franck Cadoret – Director**

Column 1	This amount refers to the remuneration received as a member of the Board of Directors;
Column (2)	This amount refers to the compensation received as member of the Sustainability and Strategies Committee.
- 6 **Giuseppina Capaldo – Director**
 - col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
 - col. 2 This amount refers to the compensation received as member of the Related Parties Committee (€/000 25) and member of the Nomination and Remuneration Committee (€/000 40)
- 7 **Maria Elena Cappello – Director**
 - col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
 - col. 2 This amount refers to the compensation received as member of the Related Parties Committee (€/000 25) and member of the Strategies and Sustainability Committee (€/000 20) for the period 10/03 - 31/12/2020.
- 8 **Arnaud Roy de Puyfontaine – Director**
 - col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
 - col. 2 This amount refers to the compensation received as member of the Sustainability and Strategies Committee.
- 9 **Massimo Ferrari – Director**
 - col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
 - col. 2 This amount refers to the compensation received as member of the Strategies and Sustainability Committee (€/000 25) and member of the Control and Risk Committee (€/000 45).
- 10 **Paola Giannotti – Director**
 - col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
 - col. 2 This amount refers to the compensation received as member of the Control and Risk Committee (€/000 45) and Chairman of the Nomination and Remuneration Committee (€/000 20).
- 11 **Marella Moretti – Director**
 - col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
 - col. 2 This amount refers to the compensation received as a member of the Control and Risk Committee (€/000 45) and member of the Related Parties Committee (€/000 25).
- 12 **Lucia Morselli – Director**
 - col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
 - col. 2 This amount refers to the compensation received as member of the Related Parties Committee (€/000 25), Chairman of the Related Parties Committee (€/000 15) and member of the Control and Risk Committee (€/000 45).
- 13 **Dante Roscini - Director**
 - col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
 - col. 2 This amount refers to the compensation received as member of the Related Parties Committee.
- 14 **Rocco Sabelli – Director**
 - col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
 - col. 2 This amount refers to the compensation received as member of the Sustainability and Strategies Committee (€/000 25) and member of the Nomination and Remuneration Committee (€/000 40)
- 15 **Michele Valensise – Director**
 - col. 1 This amount refers to the remuneration received as a member of the Board of Directors;
 - col. 2 This amount refers to the compensation received as member of the Nomination and Remuneration Committee (€/000 40) and as member of the Control and Risk Committee (€/000 45)

- 16 **Roberto Capone – Chairman**
col. 1 This amount refers to the remuneration received as Chairman of the Board of Statutory Auditors.
- 17 **Giulia De Martino – Standing Auditor**
col. 1 This amount refers to the remuneration received as Standing Auditor.
- 18 **Anna Doro – Standing Auditor**
Column 1 This amount refers to the remuneration received as Standing Auditor.
- 19 **Marco Fazzini – Standing Auditor**
col. 1 This amount refers to the remuneration received as Standing Auditor.
- 20 **Francesco Schiavone Panni – Standing Auditor**
col. 1 1 This amount refers to the remuneration received as Standing Auditor;
Column 5 This amount refers to the compensation received as Chairman of the Board of Statutory Auditors of the listed subsidiary Telecom Italia Sparkle S.p.A.

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

Date: 31/12/2020

		In the company drawing up the financial statements				In subsidiaries and associates		TOTAL	
Name and surname	A	Luigi Gubitosi							
Position	B	Chief Executive Officer		Key Managers with Strategic Responsibilities		Key Managers with Strategic Responsibilities			
Plan and respective resolution	1	Long-Term Incentive 2018-2020	Long-Term Incentive 2020-2022	Long-Term Incentive 2018-2020	Long-Term Incentive 2020-2022	Long-Term Incentive 2018-2020 Grant 2019	Long-Term Incentive 2018-2020 Grant 2020		
Financial instruments assigned in previous financial years not vested during the financial year	2	Number and type of financial instruments	19,215,686		18,405,744		169,923 ⁽⁵⁾	37,791,353	
	3	Vesting Period	2019-2020		2018-2020		3 years ⁽⁶⁾		
Financial instruments assigned during the financial year	4	Number and type of financial instruments		8,000,000 ⁽¹⁾		18,359,994 ⁽¹⁾	208,374	26,568,368	
	5	Fair value on allocation date		€2,863,175		€8,442,675		€11,305,850	
	6	Vesting Period		2020-2022		2020-2022	3 years		
	7	Allocation date		18/05/2020		18/05/2020	14/04/2020		
	8	Market price on allocation		€0.375		€0.375	R\$ 13.35		
Financial instruments vested during the financial year and not assigned	9	Number and type of financial instruments	17,758,534 ⁽²⁾		16,976,133 ⁽³⁾			34,734,667	
Financial instruments vested during the financial year and assignable	10	Number and type of financial instruments	1,457,152	8,000,000 ⁽¹⁾	1,429,611	18,359,994 ⁽¹⁾	76,469 ⁽⁷⁾	29,323,226	
	11	Value on vesting date	€0.37 ⁽⁸⁾ (23 February 2021)		€ 0.37 ⁽⁸⁾ (23 February 2021)		R\$ 14.80 (30 July 2020)		
Financial instruments for the year	12	Fair value		€646,524		€ 1,455,634 ⁽⁴⁾	€182,809	€220,550	€2,505,517

- (1) Subject to the Gate condition and the ESG corrective. The number of rights has been determined with the normal value of the share* on 18 May 2020 (€ 0.35).
- (2) This value takes into consideration the waiving of the 2020 share of the bonus of the 2018-2020 LTI Plan as well as, due to the effect of the 2020 final accounts, the unvested shares;
- (3) This value takes into consideration the shares held at the time of termination or exiting the category of Key Managers with Strategic Responsibilities, the loss of shares due to waiving the 2020 share of the bonus and, due to the effect of the 2020 final accounts, the unvested shares;
- (4) Following the waiving of the 2020 share of the bonus it was only necessary to recalculate the previous years. Therefore, no charges pertaining to the financial year were detected;
- (5) Of the 221,638 shares assigned in 2019, 51,715 became vested during the financial year and 169,923 remained unvested at the end of the period;
- (6) Gradual vesting of 1/3 of the volume of shares per year, with a total of 3 years;
- (7) Of the total of 76,469 shares transferred, 51,715 correspond to the original volume that became vested, 20,672 additional shares are due to achievement of the performance level and 4,082 to dividends paid in additional shares;
- (8) Normal value of the share*.
- (*) Normal value of the share: Arithmetic mean of the official prices of the Shares recognized starting from the stock market trading day prior to that of assignment until the thirtieth previous ordinary calendar day (both included) on the Electronic Share Market managed by Borsa Italiana S.p.A., calculated using only the days to which the prices taken as the basis of calculation refer as the divisor, cut off at the second decimal.

TABLE 3B: MONETARY INCENTIVE PLANS FOR MEMBERS OF THE MANAGEMENT BODIES

(in thousands of euros)

A	B	1	2			3		4
Name and surname	Position	Plan	Bonus for the year			Bonus for previous years		Other Bonuses
			(a)	(b)	(c)	(a)	(b)	(c)
			Payable/ Paid	Deferred	Deferral period	No longer payable	Payable/ Paid	Still Deferred
Luigi Gubitosi	Chief Executive Officer	MBO 2020 BoD Resolution 10/03/2020	1,365					
Remuneration in the company drawing up the financial statements			1,365					
Remuneration in subsidiaries and associates								
TOTAL			1,365					

TABLE 3B: MONETARY INCENTIVE PLANS FOR KEY MANAGERS WITH STRATEGIC RESPONSIBILITIES

(in thousands of euros)

A	B	1	2			3		4
Name and surname	Position	Plan	Bonus for the year			Bonus for previous years		Other Bonuses
			(a)	(b)	(c)	(a)	(b)	(c)
			Payable/ Paid	Deferred	Deferral period	No longer payable	Payable/ Paid	Still Deferred
Key Managers with Strategic Responsibilities								
Remuneration in the company drawing up the financial statements		MBO 2020 01/07/2020	2,131					
		Special Award 2016 20/06/2017					(1)	
								634 (2)
Remuneration in subsidiaries and associates		MBO 2020 29/07/2020	488 (3)					
TOTAL			2,619					634

(1) The amount of 50 €/000, still deferred in 2019, was paid after exiting the category of Key Managers with Strategic Responsibilities.

(2) Bonus linked to hiring commitments, bound by performance conditions and to cover the effects of grossing up contributions and taxes on accommodation expenses;

(3) In the absence of the final figures of the local bonus relating to FY 2020, the value stated in the table has been estimated on the basis of pre-closing data and provision was made in the 2020 Financial Statements. This amount refers to 2,874,990 Reais converted into euros at the average exchange rate for 2020 at 31/12/2020 (Real/€5.88806).

TIM - 2020 Report on the remuneration policy and compensation paid

CHART NO. 7-TER CHART CONTAINING INFORMATION ON THE SHAREHOLDINGS OF MEMBERS OF THE MANAGEMENT AND CONTROL BODIES AND KEY MANAGERS WITH STRATEGIC RESPONSIBILITIES

The table below shows the shareholdings held by all the individuals who during the financial year 2020, or a part thereof, held the position of member of the Board of Directors, of member of the Board of Statutory Auditors, or key manager with strategic responsibilities (for this last category the information is shown in aggregate form).

Name and surname	Position	Investee Company	Category of shares	Number of shares owned at the end of the previous financial year (or on the date of appointment)	Number of shares bought during the financial year	Number of shares sold during the financial year	Number of shares owned at the end of the financial year (or on the date of termination of office if earlier)
Board of Directors							
Salvatore Rossi	Chairman						
Luigi Gubitosi	Chief Executive Officer	TIM S.p.A.	Ordinary	1,000,000	1,000,000		2,000,000
Alfredo Altavilla	Director						
Paola Bonomo	Director						
Franck Cadoret	Director	TIM S.p.A.	Ordinary	10,000	10,000		20,000
Giuseppina Capaldo	Director						
Maria Elena Cappello	Director	TIM S.p.A.	Ordinary		280,000		280,000
Massimo Ferrari	Director	TIM S.p.A.	Ordinary	90,000			520,000
Paola Giannotti	Director	TIM S.p.A.	Savings	46,000	430,000		46,000
Marella Moretti	Director						
Lucia Morselli	Director						
Arnaud Roy de Puyfontaine	Director						
Dante Roscini	Director						
Rocco Sabelli	Director	TIM S.p.A.	Ordinary		500,000		500,000
Michele Valensise	Director	TIM S.p.A.	Ordinary	30,000			30,000
Board of Statutory Auditors							
Roberto Capone	Chairman						
Giulia De Martino	Standing Auditor						
Anna Doro	Standing Auditor						
Marco Fazzini	Standing Auditor						
Francesco Schiavone Panni	Standing Auditor						
Key Managers with Strategic Responsibilities							
13		Telecom Italia S.p.A.	Ordinary	580,000	320,000		900,000
		Tim S.A.	Ordinary (*)	9,800	101,469		111,269

(*) Shares listed on the NYSE and BOVESPA markets.

APPENDIX – TABLE OF REMUNERATION PLANS
REMUNERATION PLANS BASED ON FINANCIAL INSTRUMENTS
TABLES NO.1 OF CHART 7 OF APPENDIX 3A OF THE REGULATIONS NO.12071/2099

Long-Term Incentive Plan 2020-2022

Date: 31/12/2020

		QUADRO 1						
		Financial instruments other than stock options						
		Section 1						
		Instruments relating to currently valid plans, approved on the basis of previous resolutions of the Shareholders' Meeting						
Name or category	Position	Date of resolution by the Shareholders' Meeting	Type of financial instruments	Number of financial instruments allocated	Allocation date	Purchase price, if applicable, of the instruments	Market price on date of allocation	Vesting Period
Luigi Gubitosi	Chief Executive Officer	23/04/2020	Performance Share	8,000,000 ⁽¹⁾	18/05/2020	N.A.	€ 0.375	2020/2022
Key Managers with Strategic Responsibilities		23/04/2020	Performance Share	18,359,994 ⁽¹⁾	18/05/2020	N.A.	€ 0.375	2020/2022

(1) Subject to the Gate condition and the ESG corrective.