



# TIM CORPORATE GOVERNANCE PRINCIPLES

UPDATED ON 26 SEPTEMBER 2024

## 1. Introduction

- 1.1 TIM complies with the January 2020 edition of the Corporate Governance Code drawn up by the Corporate Governance Committee of Borsa Italiana (hereafter the Borsa Italiana Code).
- 1.2 This document departs from and/or supplements the set of applicable rules that refer to the duties and operation of the Company bodies. The principles and criteria of the Borsa Italiana Code shall apply to all matters not specified herein.

## 2. Rules of conduct

- 2.1 In carrying out their tasks, the members of the corporate bodies of the Company shall fully comply with applicable laws, the Code of Ethics of the Group, the company Bylaws and the Borsa Italiana Code. They are required to be loyal to the Company and to perform their roles diligently and responsibly, taking into account the interests of all stakeholders.
- 2.2 Members of the company bodies and committees shall make their choices freely, in the interests of the issuer and the shareholders as a whole, making prompt disclosure of any interest outside the company they might have in relation to transactions submitted for their consideration for the purpose of resolutions, or as proposals, information, consultation or monitoring. If they have an interest, they shall declare:
  - whether it is an interest on their own account, or on that of third parties (specifying the identity of the person, as well as the characteristics and origin of the relationship);
  - the origin and nature (economic, regarding image or some other kind) of their interest;
  - the terms of the interest, with particular regard to the terms of the relationship (and in particular, of the potential conflict) with the interest of the company;
  - the qualitative and quantitative extent of the interest,providing for this purpose all appropriate descriptive elements to enable their colleagues, individually and collectively, to always be able to operate in an aware and informed way.

## 3. Composition of the Board of Directors

- 3.1 The Company ensures its diverse nature is reflected in the composition of the Board of Directors, whilst focussing on its primary objective of guaranteeing the adequate skills and professionalism of its members. Any form of discrimination based on ethnicity, nationality, country of origin, sex, sexual orientation, religion, political or other persuasions is prohibited. In light of organisational needs, all members of the company bodies should have a good working knowledge of Italian and/or English.
- 3.2 The Board of Directors assesses the independence of its members based on elements communicated by the Directors or otherwise available to the Company. For this purpose, the Directors shall annually provide and, where necessary, promptly update – including on their own initiative, in the event of relevant circumstances – any information needed to carry out a full and adequate assessment.
- 3.3 Without prejudice to the possibility for the Board of Directors to make a different assessment with sound reasoning, any relationship that provided the Director (or candidate for the office of Director) with an income equal to or more than double the annual

remuneration recognised by the company in the previous year for the post of non-executive director must be taken into account when assessing independence requirements.

- 3.4** In principle, serving as a director or member of a control body of more than four companies other than those subject to the management and coordination of TIM, that is, its subsidiary or affiliate companies, when the companies involved are (i) listed companies, or (ii) companies operating principally in the financial sector dealing with the public or (iii) companies that perform banking or insurance activities, considering it equivalent (i) to two board positions, a possible role of non-executive president and (ii) to three board positions, a possible role of executive director. If a Director holds office in more than one company belonging to the same Group, only one appointment held within that Group shall be taken into account when calculating the number of appointments.
- 3.5** With regard to the accumulation of offices, the Board of Directors retains the right to make a different assessment on a case by case basis, taking account of the size and organisation of the different companies, as well as the shareholding relationships between them. This assessment shall be made public in the annual report on corporate governance.
- 3.6** In accepting the office, Directors make themselves available to ensure their professional contribution during full board/internal committee meetings, with adequate prior preparation and active participation in the work. In principle, attending less than 75% of meetings is not considered compatible with the performance of a Director of TIM (or member of an internal committee).

## 4. Role of the Board of Directors

- 4.1** The role of the Board of Directors is to provide strategic supervision and direction, pursuing the primary objective of creating value for the shareholders, with a medium-long term perspective, also taking the legitimate interests of the remaining stakeholders into account, with a view to the sustainable success of the company.
- 4.2** The following are matters considered to have a major impact on the business of the Company and the Group, and as such are subject to approval by the Board:
- a) partnerships, joint ventures, shareholders' agreements with respect to partially owned companies which, by virtue of their purpose, commitments, conditions, or limits that may result therefrom, have a lasting impact on the freedom of TIM's strategic business choices, unless they relate to transactions or agreements already included in analytical and definitive terms in the Strategic Plan and/or annual budget approved by the Board of Directors and in force at the time, or for amounts other than those provided for therein;
  - b) investments and disinvestments, including - merely by way of example and without limitation - deeds of purchase and disposals of equity investments, companies or branches of companies that are strategically important in the context of the overall business activity, unless they are transactions already included in analytical and definitive terms in the Strategic Plan and/or the annual budget approved by the Board of Directors and in force from time to time, or for amounts other than those envisaged therein, provided that, considered individually, they are worth more than 50 million euros (or 250 million euros, in case of investments relating to the participation to private or public tenders), as well as transactions that may entail, in their performance or at their end, commitments, and/or deeds of purchase and/or acts of disposal of such nature and extent;
  - c) taking out of loans, considered individually, for amounts exceeding 350 million euros (or 500 million euros in case of subsidised or incentivised loans at national or European

level); disbursement of loans and issuance of guarantees in favour of non-controlled companies or entities, in both cases for amounts, considered individually, exceeding 100 million euros (or 250 million euros in case of issuance of guarantees in favour of controlled companies or entities); and transactions which, in their execution or upon their completion, may involve undertakings and/or deeds of this nature and extent;

- d) any transaction the equivalent-value of which is 5% or more of the equity or (if more) of the capitalisation of the Company at the close of the last day of trading in the reference period of the most recent periodic accounting document released;<sup>1</sup>
- e) the appointments, at the proposal of the Chief Executive Officer and subject to the opinion of the Nomination and Remuneration Committee, of executive directors (or equivalent positions) and non-executive directors and members of the board of statutory auditors of current or future subsidiaries identified by the Board as strategic<sup>2</sup>;

## 5. Organisation and operation of the Board of Directors

- 5.1 The Board of Directors shall establish an annual schedule of meetings, upon proposal by the Chairman, with a long-term work programme listing those topics that can be planned for. Each Director may propose matters for discussion in Board meetings; the Board shall decide if and when such matters are to be addressed.
- 5.2 As a matter of urgency and with the limitations set forth by law and the Bylaws, the Chairman of the Board of Directors shall exercise the powers in matters for which the Board of Directors is competent; in such cases the Chairman shall report to the Board of Directors and to the Statutory Auditors on the action taken and the decisions adopted, in a specific communication and in any event at the first subsequent meeting, explaining why it was a matter of urgency.
- 5.3 The Board of Directors shall, as a rule:
  - a) appoint an independent Director as Lead Independent Director, with the attributes and prerogatives referred to in the Borsa Italiana Code;
  - b) organise itself by establishing permanent internal committees or committees set up for specific transactions or types of transaction;
  - c) identify, on the Chairman's proposal, its Secretary as the General Counsel and Head of the legal function of the Company.
- 5.4 The internal Committees shall not have exclusive attributes, but - where their intervention is prescribed by the Borsa Italiana Code or by this document - the Board of Directors shall explain any decisions it might make in the absence of their prior proposal and/or investigation. The Board of Directors is entitled to resolve that the additional safeguards be applied voluntarily, also in terms of the investigatory process assigned to board committees, of transactions for which it deems it advisable to strengthen the ordinary decision-making process.
- 5.5 The arrangements for the operation of the Board of Directors are disciplined by specific regulations approved by the Board itself.

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<sup>1</sup> With a resolution passed on 7 April 2022 the Board of Directors decided that the General Manager shall still have the power to sign contracts for the sale and purchase of goods and services for marketing purposes for the maximum equivalent-value of 5% of the net equity or (if higher) the capitalisation of the Company, as indicated above.

<sup>2</sup> As of the date of updating of this document, the companies TIM Brasil S.A., Noovle S.p.A. and Telecom Italia Sparkle S.p.A. are included - by way of example - among the strategic subsidiaries.

## 6. Nomination and Remuneration Committee

- 6.1** The Board of Directors shall constitute a Nomination and Remuneration Committee, made up of non-executive Directors, out of which the majority are independent, including at least one elected from a slate presented by minority shareholders in accordance with the Bylaws.
- 6.2** Without prejudice to the tasks attributed to it by the Borsa Italiana Code and internal rules, the Committee shall:
- a)** monitor the updating of the company management replacement lists, prepared by the Chief Executive Officer;
  - b)** share decisions in advance with the Chief Executive Officer concerning the appointment of managers reporting directly thereto and express opinions on the proposed appointment, by the Chief Executive Officer, of executive directors (or equivalent positions) and non-executive directors and members of the board of statutory auditors of current or future subsidiaries identified by the Board as strategic, as established in art. 4.2(e) above;
  - c)** monitor the adoption and implementation of measures to promote equal treatment and opportunities between genders within the company organisation;
  - d)** propose the criteria for allocating the total annual compensation established by the Shareholders' Meeting for the whole Board of Directors;
  - e)** perform other duties assigned to it by the Board of Directors.
- 6.3** The Committee's operating procedures and the prerogatives granted to it are governed by special regulations approved by the Board of Directors.

## 7. Control and Risk Committee

- 7.1** The Board of Directors shall constitute a Control and Risk Committee, made up of non-executive Directors, out of which the majority are independent, including at least one elected from a slate presented by minority shareholders in accordance with the Bylaws.
- 7.2** Without prejudice to the tasks attributed to it by the Borsa Italiana Code and internal rules, the Committee shall:
- a)** monitor observance of the Company's corporate governance rules, the development of regulation and best practice in the field of controls and corporate governance, also with a view to proposing updates to the internal practices and rules of the Company and the Group;
  - b)** overview financial and non-financial fiscal year disclosure, in view of examination by the full board;
  - c)** perform other duties assigned to it by the Board of Directors.
- 7.3** The Committee's operating procedures and the prerogatives granted to it are governed by special regulations approved by the Board of Directors.

## 8. Related Parties Committee

- 8.1** The Board of Directors shall establish a Related Parties Committee made up of independent directors, of which at least one (or 2 or 3 if the Committee has 5 or 7 or more members

respectively) is appointed from the slate that achieved the second highest number of votes in the Shareholders' Meeting that appointed the serving Board of Directors.

- 8.2** The Committee exercises the tasks and attributions established in the specific company Procedure for performing transactions with related parties.
- 8.3** The Committee's operating procedures and the prerogatives granted to it are governed by both the aforementioned Procedure and by regulations approved by the Board of Directors.

## 9. Sustainability Committee

- 9.1** The Board of Directors shall establish a Sustainability Committee, made up of a majority of non-executive Directors.
- 9.2** The Committee shall perform advisory, proposal-making, monitoring and investigative duties to support and guide the activities of the full board and management in terms of Environmental, Social and Governance (ESG) sustainability, in terms of positioning, objectives, processes and specific initiatives.
- 9.3** The Committee's operating procedures and the prerogatives granted to it are governed by special regulations approved by the Board of Directors.

## 10. Board of Statutory Auditors

- 10.1** The Company assigns secretarial support to the Board of Statutory Auditors to organise meetings and keep the relative book of minutes, the faculty to ask control functions reporting directly to the Board of Directors to carry out specific audits, and access to external consultants of its choice.
- 10.2** The assessment of the independence of Auditors is devolved to the same control body.

## 11. Internal control and risk management system

- 11.1** The internal control and risk management system is an integral part of the general organisational structure of the Company and the Group, and involves several components that act in a coordinated way according to their respective responsibilities: the responsibility of the Board of Directors to direct and provide strategic supervision.
- 11.2** While meeting compliance requirements with applicable local regulations, the Board of Directors of TIM defines the system guidelines for the whole Group, to be instituted and maintained by the Chief Executive Officer and Directors, in relation to the area delegated to him or her, and by the person responsible for the preparation of the company's accounting documents for those matters within his or her sphere of competence. They are responsible for identifying risks and for the first and second level controls, excepting those specified in the following paragraph.
- 11.3** The Board of Directors assigns the supervisory functions pursuant to Legislative Decree No. 231/2001 to a collegial body specifically set up with professional members both internal and external to the Company, endowed with autonomous powers of initiative and control. The appointment of the members of the body, no less than three and no more than five (including a Statutory Auditor and the Internal Audit Manager of TIM, to ensure coordination between the various parties involved in the internal control and risk

management system), is approved by the Board of Directors, after having heard the opinion of the Control and Risk Committee and the Board of Statutory Auditors.

- 11.4** The Heads of Internal Audit and of the Compliance Departments of the Parent Company (Heads of the Control Departments) report to the Board of Directors. They (i) work directly in TIM and those subsidiaries without corresponding structures of their own, acting also in their interest and reporting to their respective company bodies, (ii) liaise and collaborate with the equivalent structures of those subsidiaries that do have such structures of their own, with a view to coordinating, directing and harmonising, consistently with respect for applicable rules and for the responsibilities such structures have.
- 11.5** The Heads of Control Departments are appointed and dismissed by the Board of Directors, which also determines their remuneration and makes its decisions based on the opinion of the Control and Risk Committee, having consulted the Board of Statutory Auditors; and assures their independence from operational areas.
- 11.6** The Chairman of the Board of Directors is assigned the role of link between the Heads of Control Departments and the Board of Directors; or, when he/she is executive, this is assigned to the Chairman of the Control and Risk Committee. However, the Chairman of the Board of Directors is responsible for the day to day management of their employment relationship with the Company.